As filed with the Securities and Exchange Commission on April 26, 2002

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

RED ROBIN GOURMET BURGERS, INC.

(Exact name of registrant as specified in its charter)

Delaware	5812	84-1573084
(State or other jurisdiction of incorporation or organization)	(Primary standard industrial classification code number)	(I.R.S. employer identification number)

5575 DTC Parkway, Suite 110
Greenwood Village, Colorado 80111
(303) 846-6000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Michael J. Snyder
Chief Executive Officer
5575 DTC Parkway, Suite 110
Greenwood Village, Colorado 80111
(303) 846-6000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies To:

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New York, New York 10004
(212) 859-8000

Approximate date 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, as amended (the "Securities Act") 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. ☐

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Common Stock, $0.001 par value per share	$60,000,000	$5,520

(1) Estimated solely for the purpose of determining the registration fee pursuant to Rule 457(o) promulgated under the Securities Act of 1933, as amended.

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.

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The information in this prospectus is not complete and may be changed. Red Robin may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and Red Robin is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS

SUBJECT TO COMPLETION DATED , 2002

Shares

Common Stock

Red Robin Gourmet Burgers, Inc. and the selling stockholders are offering shares of common stock in a firmly underwritten offering. This is Red Robin's initial public offering, and no public market currently exists for our shares. Red Robin anticipates that the initial public offering price for its shares will be between $ and $ per share. Red Robin will not receive any of the proceeds from shares sold by the selling stockholders.

We will apply to list our common stock on The Nasdaq Stock Market's National Market under the symbol "RRGB."

Investing in our common stock involves risks that are described under "Risk Factors" beginning on page 7 of this prospectus.

	Per Share	Total
Offering Price	$	$
Discounts and Commissions to Underwriters	$	$
Offering Proceeds to Red Robin	$	$
Offering Proceeds to the Selling Stockholders	$	$

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or has determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We and the selling stockholders have granted the underwriters the right to purchase up to an additional shares of common stock to cover any over-allotments. The underwriters can exercise this right at any time from time to time within 30 days after the offering. Delivery of the shares of common stock will be made on or about , 2002.

Banc of America Securities LLC **U.S. Bancorp Piper Jaffray**

Wachovia Securities

The date of this prospectus is , 2002

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UNITED STATES

ALASKA
Anchorage (3)

ARIZONA
Lake Havasu City, Scottsdale, Tempe and Tucson. *Coming soon to Chandler, Mesa, Peoria, and Prescott.*

CALIFORNIA
Bakersfield, Brea, Calabasas, Canoga Park, Cerritos, Citrus Heights, Clovis, Coalinga, Concord, Corona, Del Mar, Encinitas, Escondido, Fairfield, Folsom, Fresno, Garden Grove, Glendale, La Habra, La Mirada, La Quinta, Moreno Valley, Newark, Orange, Palmdale, Pleasanton, Redding, Redondo Beach, Roseville, San Bruno, San Diego, San Dimas, San Jose, San Mateo, Santa Ana, Santa Barbara, Santa Maria, Stanton, Temecula, Tustin, Valencia, Ventura, Victorville, Visalia, W. Covina and Yuba City. *Coming soon to Irvine.*

COLORADO
Arvada, Aurora, Boulder, Broomfield, Colorado Springs (3), Ft. Collins, Greenwood Village, Highlands Ranch, Lakewood, Littleton (2) and Parker

FLORIDA
Bonita Springs

IDAHO
Boise (2) and Nampa

ILLINOIS
Chicago, Lincolnshire, Schaumburg, Warrenville and Wheaton

INDIANA
Ft. Wayne

MARYLAND
Annapolis, Gaithersburg and Owings Mills. *Coming soon to Germantown.*

MICHIGAN
Detroit, Madison Heights, Novi, Pittsfield Township, Roseville, Southgate and Westland. *Coming soon to Brighton and Clinton Township.*

MINNESOTA
Apple Valley and Eagan

MISSOURI
Chesterfield (St. Louis). *Coming soon to Fenton.*

MONTANA
Billings

NEVADA
Henderson, Las Vegas and Reno

NEW MEXICO
Albuquerque (2)

OHIO
Canton, Columbus (2), Elyria, North Olmsted and Willoughby. *Coming soon to Toledo.*

OREGON
Albany, Beaverton, Bend, Clackamas, Eugene, Gresham, Hillsboro (2), Medford, Portland (2), Salem and Wilsonville. *Coming soon to Tigard.*

PENNSYLVANIA
Allentown (2), Easton, Exton, Harrisburg, Hershey, Langhorne and Mechanicsburg

TENNESSEE
Memphis

TEXAS
Grapevine, Houston and Hurst. *Another coming soon to Houston.*

UTAH
Layton, Provo, Salt Lake City (Murray) and West Valley City

VIRGINIA
Charlottesville, Glen Allen, Fairfax and Woodbridge. *Coming soon to Dulles.*

WASHINGTON
Bellevue(2) Bellingham, Burlington, Des Moines, Everett, Federal Way, Issaquah, Kennewick, Kent, Lynnwood, Olympia, Puyallup, Redmond (2), Seattle (3), Silverdale, Spokane (3), Tacoma, Tukwila, Vancouver, Woodinville and Yakima

WISCONSIN
Monona (Madison). *Coming soon to Appleton.*

CANADA

ALBERTA
Calgary (3), Edmonton (3), and West Edmonton

BRITISH COLUMBIA
Abbotsford, Burnaby (2), Coquitlam, Kelowna, Langley, Maple Ridge, N. Vancouver, Prince George, Surrey (2), Vancouver (2) and Victoria

RED ROBIN
AMERICA'S GOURMET BURGERS & SPIRITS

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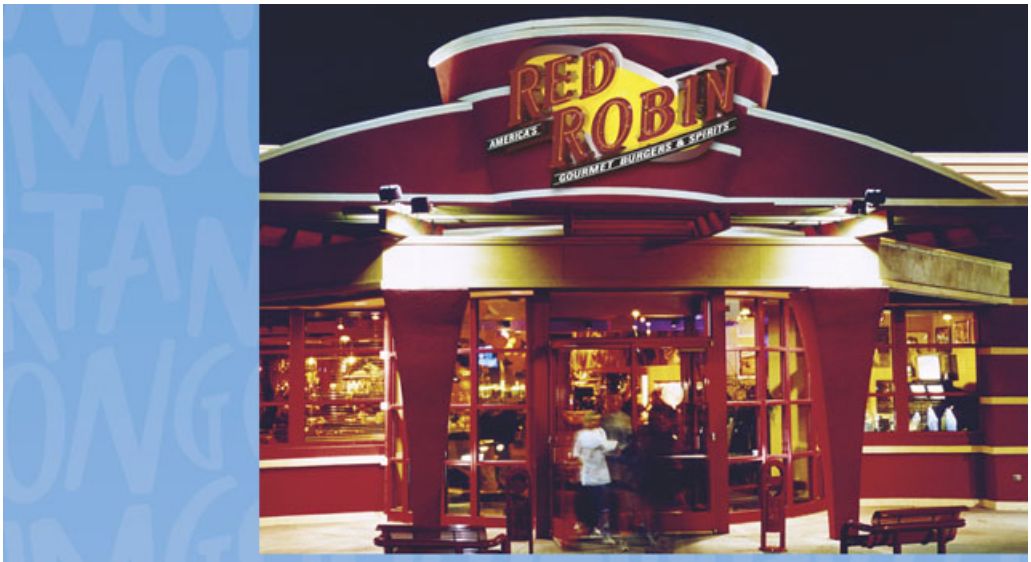

Our Cornerstones: Values, People, Burgers & Time

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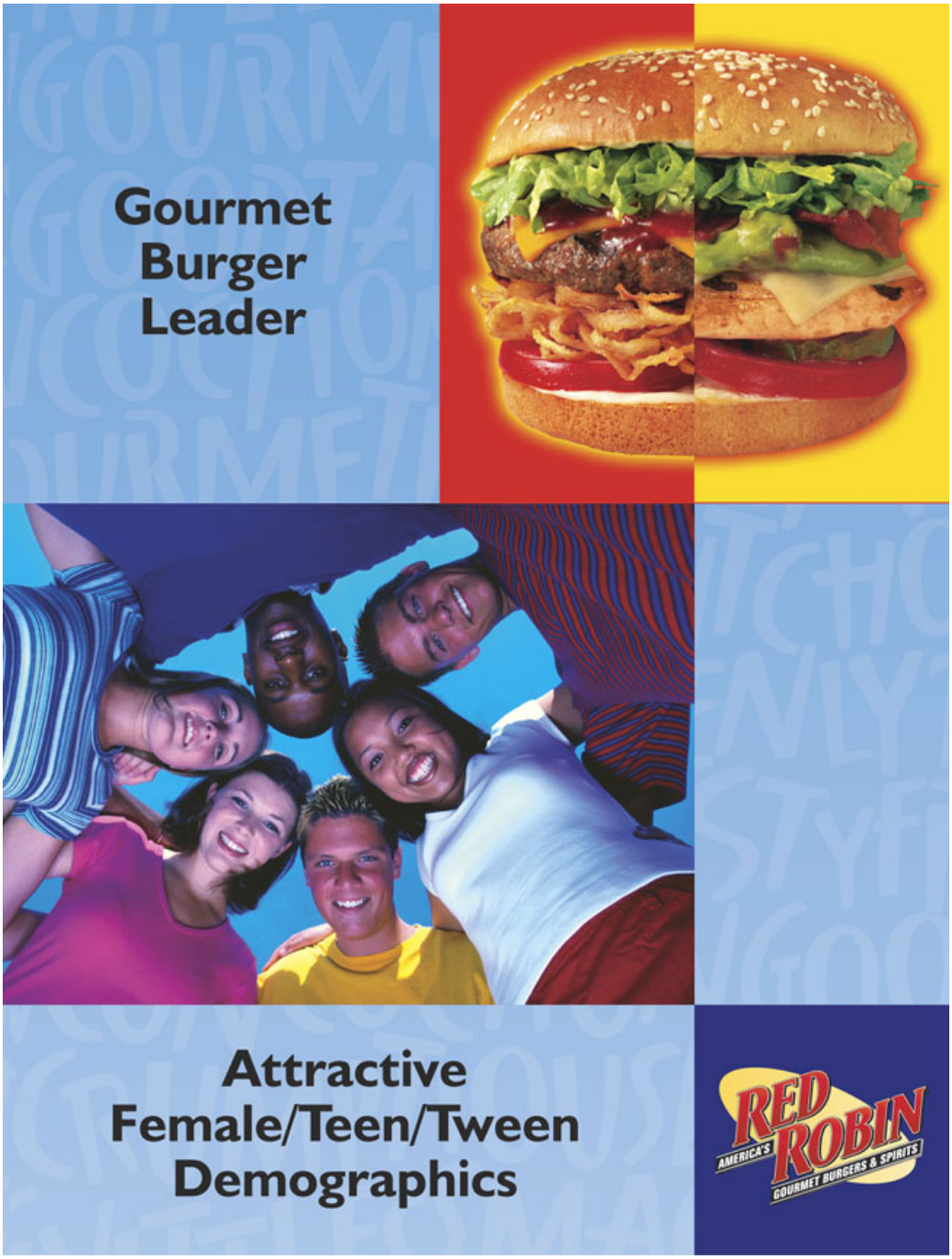

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RED ROBIN
AMERICA'S GOURMET BURGERS & SPIRITS

APPETIZERS

TOWERING ONION RINGS
12 rings tall, this proves we really know how to pick 'em and stack 'em. Sweet Spanish yellows – seasoned, breaded, fresh fried & stacked – served with two tubs of Red's delicious dippin' sauces. 6.99

FRESH-FRIED CHEESE STICKS
Lightly battered mozzarella cheese fresh-fried to perfection and served with our rich Italiano sauce for dippin'. 6.99

RR'S BUZZARD WINGS
Juicy chicken wings basted with a fiery cayenne pepper sauce that'll fan the flames of your desire! Chilled celery, carrot sticks & bleu cheese dressing help keep things cool. These are the best, period! 7.99

MACHO NACHOS
Crisp colorful tortilla chips, seasoned taco meat, melted pepperjack & Cheddar cheeses, shredded lettuce, tomatoes, onions, black olives & jalapeño pepper rings...whew! Standing room only for guacamole & sour cream at the top. 7.99

JUST-IN-QUESADILLA
Filled with the "right stuff" - tender chicken breast, mushrooms, bacon, cilantro, tomatoes, pepper-jack & Cheddar cheeses. Served with black beans, salsa, guacamole & sour cream. 7.99

CREAMY ARTICHOKE & SPINACH DIP
Artichoke hearts, spinach and sweet red onion are blended in a creamy Parmesan cheese sauce. Chips, house bread, celery and carrots for dipping. Instructions: "Place in center of table and dive in!" 7.99

CLUCKS & FRIES
Chicken breast tenders fresh-fried golden and crisp. Served with our famous steak fries & ranch dressing for dippin'. 7.99

TRY 'EM SPICY - CAJUN STYLE 7.99

RED ROBIN SPECIALTIES

TROPICAL MAI TAI
You can "rum" but you can't hide from this blend of light & premium dark rums, Orange Curaçao, fruit juices, grenadine & sweet n' sour. Served in a Tiki glass. 5.99

ABSOLUT AWESOME MARY
Alias "The Bloody Mary". Our featured cure for the morning after...also great for just plain sipping. Absolut Vodka & our own special mix. 5.49

FRUITY BOOZIE DAIQUIRI
A frozen daiquiri made with rum & your choice of strawberry, peach, banana or raspberry. Sure to send a chill all the way to your toes! Served in a Tiki glass. 4.99

ABSOLUT LEMONADE
Pucker up to this refreshing blend of Absolut Citron, Amaretto and lemonade on the rocks. 4.99

T.N.T.
A cool concoction made with a powder keg of ingredients including Beefeater Gin, Smirnoff Vodka, Bacardi Light Rum, triple sec, sweet n' sour, and a blasting cap full of cola. 5.99

SAND IN YOUR SHORTS
More comfortable than it sounds! Chambord, vodka, Peach Schnapps, Midori, triple sec, o.j., cranberry juice & sweet n' sour. 5.99

NUCLEAR ICE TEA
An atom-splitting blend of gin, rum, triple sec, vodka and sweet n' sour mixed (carefully) with cola. 5.49

JAMAICAN SHAKE
Cool n' creamy blend of Amaretto, Grand Marnier, Kahlua & vanilla ice cream. 5.99

BAILEYS SHAKE
Baileys Irish Cream blended with milk chocolate & vanilla ice cream. Does Barnum know about this? 5.99

JUNGLE SHAKE
You'll go ape over this creamy combination of Baileys Irish Cream, banana liqueur, milk chocolate & vanilla ice cream. 5.99

MARGARITAS
Featuring Jose Cuervo

SERVED ON THE ROCKS OR FROZEN

ULTIMATE MARGARITA
For the true Margarita connoisseur! 1800 Cuervo Gold combined with Grand Marnier and our signature sweet 'n sour. Poured over ice, salted rim of course. This one is the best of the best! 6.99

ONE GREAT MARGARITA
This margarita is made with Cuervo Gold tequila, Cointreau and our signature sweet 'n sour. Over rocks or frozen with a salted rim. Ole'! 6.49

GOLD MARGARITA
A Cuervo Gold margarita with triple sec & sweet 'n sour. Rimmed with salt. May we suggest it on the rocks? 4.49

MANGO MARGARITA
Cuervo Gold, Grand Marnier & mango blended together to create an enchanting frozen drink straight from the islands! 6.99

BEERS & WINES

RED ROBIN'S BREW CREW
BUDWEISER COORS MILLER

We wholeheartedly support the current brew crave! Ask your server for details about our additional selection of microbrews, imports, lights and non-alcoholic.

WINES BY THE GLASS

ROBERT MONDAVI
Chardonnay
White Zinfandel
Merlot
Cabernet Sauvignon

KENDALL-JACKSON
Chardonnay

TASTY CONCOCTIONS FOR ALL AGES

MOCHA SMOOTHIE
Alcohol free. For all ages. Explore your creative impulse with this tall, cool sculpture composed of cappuccino, Hershey's® Chocolate, and vanilla ice cream. 3.49

GROOVY SMOOTHIE
This fruit smoothie is a groovy blend of strawberries, bananas and dreamy vanilla ice cream. Yumm. 3.49

STRAWBERRY ECSTASY
This big, cool concoction is layered with orange juice & pineapple and then topped with a ladle of strawberries. Heavenly! LIKE THE BEAKER? IT'S YOURS! 4.99

FRECKLED LEMONADE
Pucker up to this refreshing blend of sweet strawberries & tangy lemonade. 3.79

HAWAIIAN HEART THROB
Influenced by a vacation in Maui, this tropical drink is a blend of strawberries, bananas, Coco Lopez Coconut Cream & pineapple juice. 3.49

ROOKIE MAGIC
This specialty milkshake features all the fun without the crumbs! Milk chocolate & vanilla ice cream blended with OREO® cookies. 3.99

DESSERTS

MOUNTAIN HIGH MUDD PIE
Our made in house creation of chocolate and vanilla gourmet ice cream, peanut butter cookie bits, chopped nuts, fudge & peanut butter in a chocolate cookie crust. Served in a pool of chocolate fudge & caramel sauce topped with whipped cream, chopped nuts & a cherry. 5.99

HOT FUDGE SUNDAE
CONTENTS: Layers of cool vanilla ice cream & hot chocolate fudge topped with whipped cream, chopped nuts & a Belgian cookie straw. DIRECTIONS: Apply directly to tongue for rejuvenation of tired taste buds. 4.49

HOT APPLE CRISP
Warm up to this delicious treat of slow baked sliced apples sprinkled with brown sugar, cinnamon & a touch of nutmeg baked fresh in an oatmeal cookie crumble crust. Topped with caramel sauce & gourmet vanilla ice cream. 5.99

RR Red Robin Signature Selection

WE I.D. UNDER 39 1/2.

MONSTER SHAKES & MALTS

Best of the Biggest - a milkshake and a half! Your choice of chocolate, vanilla, strawberry, banana, raspberry or peach **served with a "refill" tin on the side.** 3.99

RED'S PREMIUM ROOT BEER FLOAT 4.49

BEVERAGES

TEAS WITH A 'TUDE – Fresh-brewed tea flavored with raspberry or peach Torani Syrups
SPECIALTY HOT TEAS
MILK
SELTZERS & WATERS
PREMIUM ROOT BEER

Ask your server about our
"BIG 'N BOTTOMLESS"
SOFT DRINKS, LEMONADE, LIPTON ICED TEA & COFFEE!

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information that is different. We are offering to sell and seeking offers to buy shares of our common stock only in jurisdictions where offers or sales are permitted. The information in this document may only be accurate on the date of this document. Our business, financial condition or results of operations may have changed since that date.

Red Robin®, America's Gourmet Burgers & Spirits® and Mad Mixology® are federally registered trademarks and service marks owned by Red Robin. Red Robin® is also registered in Canada. This prospectus also contains trademarks of companies other than Red Robin.

ASSUMPTIONS USED IN THIS PROSPECTUS

Throughout this prospectus, our fiscal years ended December 28, 1997, December 27, 1998, December 26, 1999, December 31, 2000 and December 30, 2001 are referred to as years 1997, 1998, 1999, 2000 and 2001, respectively. Our fiscal year consists of 52 or 53 weeks and ends on the last Sunday in December in each fiscal year. Fiscal year 2000 included 53 weeks. All other fiscal years shown included 52 weeks.

Unless we indicate otherwise, all of the information in this prospectus assumes:

- the underwriters will not exercise their over-allotment option to purchase up to additional shares of our common stock from us and the selling stockholders at the price set forth on the cover of this prospectus;
- an offering price of $ per share;
- no exercise of options to purchase an aggregate of 4,240,950 shares of common stock which are outstanding as of March 24, 2002 under our stock option plans; and
- that we have not completed a -for- reverse stock split that we intend to complete prior to the consummation of this offering.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary is not complete and does not contain all of the information you should consider before investing in our common stock. You should read the entire prospectus carefully, including the "Risk Factors" section and our consolidated financial statements and the related notes. References in this prospectus to "Red Robin," "company," "we," "us" and "our" refer to the business of Red Robin Gourmet Burgers, Inc. and its subsidiaries.

OUR BUSINESS

Red Robin is a leading casual dining restaurant chain focused on serving an imaginative selection of high quality gourmet burgers in a family-friendly atmosphere. We own and operate 87 restaurants in 12 states, and have 97 additional restaurants operating under franchise or license agreements in 19 states and Canada.

Our menu is centered around our signature product, the gourmet burger, which we make from beef, chicken, veggie, fish, turkey and pot roast and serve in a variety of recipes. We offer a wide selection of toppings for our gourmet burgers, including fresh guacamole, roasted green chilies, honey mustard dressing, grilled pineapple, crispy onion straws, sautéed mushrooms and a choice of six different cheeses. In addition to our gourmet burgers, which accounted for approximately 44.0% of our total food sales in 2001, we also serve an array of other food items that are designed to appeal to a broad group of guests, including salads, soups, appetizers, other entrees such as rice bowls and pasta, desserts and our signature Mad Mixology® alcoholic and non-alcoholic specialty beverages.

Our restaurants are designed to create a fun and memorable dining experience in a family-friendly atmosphere and provide our guests with an exceptional dining value. Our concept attracts a broad guest base by appealing to the entire family, particularly women, teens, tweens and children.

OUR CONCEPT AND BUSINESS STRATEGY

Our objective is to be the leading gourmet burger and casual dining restaurant destination. To achieve our objective, we have developed the following strategies.

- *Focus on key guiding principals, or "cornerstones," that drive our success.* In managing our operations, we focus on four cornerstones that we believe are essential to our business. Our four cornerstones are: 1) *Values*—to enhance the dining experience of our guests, we strive to maintain our core values—honor, integrity, seeking knowledge and having fun; 2) *People*—we recognize that our team members are our strongest asset and seek to provide them with comprehensive training programs to ensure superior guest service; 3) *Burgers*—we strive to be the number one casual dining destination for gourmet burgers in the markets in which we operate; and 4) *Time*—we believe in giving our guests the "gift of time" and we strive to provide guests with a 37-minute dining experience at lunch and 42 minutes at dinner.

- *Offer high quality, imaginative menu items.* Our restaurants feature menu items that use imaginative toppings and showcase recipes that capture tastes and flavors that our guests do not typically associate with burgers, salads and sandwiches. We believe the success of our concept is due to our ability to interpret the latest food trends and incorporate them into our gourmet burgers and other menu items.

- *Create a fun, festive and memorable dining experience.* We promote an exciting, high-energy and family-friendly atmosphere by decorating our restaurant interiors with an eclectic selection of celebrity posters, three-dimensional artwork, carousel horses and statues of our mascot "Red".

- *Provide an exceptional dining value with broad consumer appeal.* We offer generous portions of high quality, imaginative food and beverages for a per person average check of approximately $10.00, which includes alcoholic beverages. We believe this price-to-value relationship differentiates us from our competitors, many of whom have significantly higher average guest checks, and allows us to appeal to a broad base of consumers with a wide range of income levels.

- *Deliver strong unit economics.* We believe our company-owned restaurants provide strong unit-level economics. In 2001, our comparable company-owned restaurants generated average sales of approximately $3.0 million and restaurant level operating profit of approximately $618,000, or 20.5% of comparable company-owned restaurant sales. The average cash investment cost for our free-standing restaurants opened in 2001 was approximately $1.7 million, excluding pre-opening costs, which averaged approximately $146,000 per restaurant.

- *Pursue disciplined restaurant and franchise growth.* Our management team adheres to a disciplined expansion strategy, including both company-owned and franchised development. In 2001, we opened six company-owned restaurants and our franchisees opened 16 restaurants and expanded into two new states. In 2002, we expect to open ten new company-owned restaurants and relocate one restaurant, and we expect our franchisees to open seven new restaurants.

- *Build awareness of the Red Robin® America's Gourmet Burgers & Spirits® brand.* We believe that the Red Robin name has achieved substantial brand equity among our guests and has become well known within our markets for our signature menu items. We intend to strengthen this brand loyalty by continuing to offer new menu items and deliver a consistently memorable guest experience.

- *Continue to capitalize on favorable lifestyle and demographic trends.* We believe that we have benefited from several key lifestyle and demographic trends that have helped drive our business. These trends include:

  — *Increase in consumption of food away from home.* The National Restaurant Association estimates that the restaurant industry captured 45.3% of all consumer dollars spent on food in 2000 and projects the restaurant industry's share to increase to 53.0% by 2010. Given our attractive average guest check, family-friendly atmosphere and fun, festive and memorable dining experience, we believe we are well-positioned to continue to benefit from this expected increase in food consumed away from home.

  — *The large and growing teen population.* According to the United States Census Bureau, the teen segment of the population, persons 12 to 19 years old, is expected to grow 36.6% faster than the overall population from 31.6 million in 2000 to 33.6 million by 2005. Given that our concept attracts a significant number of teens and tweens, we believe we will continue to benefit from the strong growth in this segment of the population.

We believe these and other lifestyle and demographic trends will continue to be favorable to us and offer us strong opportunities for future restaurant expansion.

OUR GROWTH STRATEGIES

We believe that there are significant opportunities to grow our concept and brand on a nationwide basis through both new company-owned and franchised restaurants. We believe that our concept and brand can support as many as 850 additional company-owned or franchised restaurants throughout the United States.

Company-owned restaurants. Our primary source of expansion and growth in the near term will be the addition of new company-owned restaurants. We are pursuing a disciplined growth strategy and intend to develop many of our new restaurants in our existing markets, and selectively enter into new markets. Our growth strategy incorporates a cluster strategy for market penetration, which we believe will enable us to gain operating efficiencies, increase brand awareness and enhance convenience and ease of access for our guests, all of which we believe will lead to significant repeat business. Our site selection criteria for new restaurants is flexible and allows us to adapt to a variety of locations near high activity areas such as retail centers, big box shopping centers and entertainment centers.

Franchised restaurants. The other key aspect of our growth strategy is the continued development of our franchise restaurants. We expect the majority of our new franchise restaurant growth to occur through the development of new restaurants by new franchisees, primarily in the Northeast, Midwest and the South. We intend to continue to strengthen our franchise system by attracting experienced and well-capitalized area developers who are quality-conscious restaurant operators and who possess the expertise and resources to execute the development of new restaurants on a large scale.

OUR HISTORY

Red Robin opened its first restaurant in 1969, in Seattle, Washington near the University of Washington campus. In 1996, Mike Snyder, then our leading franchisee, became our president and implemented a number of strategic initiatives, including strengthening our gourmet burger concept, recruiting a new management team, upgrading management information systems, streamlining operations and improving guest service. As a result of these and other initiatives, we increased the average annual restaurant sales of our comparable company-owned restaurants from $2.1 million in 1995 to $3.0 million in 2001 and expanded restaurant-level operating profit margins from 13.0% in 1995 to 19.2% in 2001. In 2000, we completed a recapitalization of our company, and acquired Mike Snyder's 14-unit franchise company, The Snyder Group Company. In addition, Quad-C, a private equity firm whose principals have substantial restaurant experience, made an equity investment of $25.0 million in our company through its affiliates.

Our principal executive offices are located at 5575 DTC Parkway, Suite 110, Greenwood Village, Colorado 80111. Our telephone number is (303) 846-6000. Our website is www.redrobin.com. The information on our website is not part of this prospectus.

THE OFFERING

Common stock offered by:	
Red Robin Gourmet Burgers, Inc.	shares
Selling stockholders	shares
Common stock to be outstanding after this offering	shares
Use of proceeds	We intend to use the proceeds of this offering: • to repay approximately $ million of indebtedness under our term loan, including related fees; • to repay approximately $ million of indebtedness under our revolving credit facility; and • to repay approximately $ million of indebtedness under one real estate and three equipment loans, including related fees. The remaining net proceeds will be used for general corporate purposes, including opening new restaurants and acquiring existing restaurants from franchisees. We will not receive any of the proceeds from the sale of shares by the selling stockholders. See "Use of Proceeds."
Proposed Nasdaq National Market symbol	RRGB
Risk factors	See "Risk Factors" and the other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.

The number of shares of common stock to be outstanding after this offering is based on our shares outstanding as of , 2002. This information excludes:

- shares of common stock reserved for issuance under our stock option plans, of which shares are subject to options outstanding at a weighted average exercise price of $ per share;
- shares of common stock reserved for issuance under our employee stock purchase plan; and
- the effect of a -for- reverse stock split that we intend to complete prior to the consummation of this offering.

SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA

	Fiscal Year Ended		
	1999	2000(1)	2001
	(in thousands, except per share data, restaurant-related data and footnotes)		
Statement of Income Data:			
Revenues:			
Restaurant	$ 121,430	$ 180,413	$ 214,963
Franchise royalties and fees	8,249	8,247	9,002
Rent revenue	333	510	520
Total revenues	130,012	189,170	224,485
Income from operations	7,145	8,805	18,740
Interest expense	4,156	6,482	7,850
Interest income	(186)	(742)	(746)
Other expense	391	191	190
(Provision) benefit for income taxes(2)	1,596	12,557	(3,722)
Net income(2)	4,380	15,431	7,724
Net income per common share(2)			
Basic	$ 0.51	$ 0.71	$ 0.26
Diluted	$ 0.51	$ 0.71	$ 0.26
Shares used in computing net income per common share			
Basic	8,617	21,587	29,248
Diluted	8,617	21,587	29,684
Selected Operating Data:			
System-wide restaurants open at end of year	144	164	182
Company-owned restaurants open at end of year	46	73	77
Average annual comparable company-owned restaurant sales(3)	$ 2,664	$ 2,890	$ 3,020
Comparable company-owned restaurant sales increase(3)	5.8%	6.9%	2.0%
Restaurant-level operating profit(4)	$ 20,340	$ 32,423	$ 41,215
EBITDA(5)	12,539	16,870	29,231
EBITDA margin(5)	9.6%	8.9%	13.0%

	December 30, 2001	
	Actual	As Adjusted(6)
		(unaudited)
Balance Sheet Data:		
Cash and cash equivalents	$ 18,992	$
Total assets	155,041	
Long-term debt, including current portion	80,087	
Total stockholders' equity	47,578	

(1) In May 2000, we purchased all of the outstanding capital stock of one of our franchisees, The Snyder Group Company, for approximately $23.7 million plus liabilities assumed of $20.0 million, thereby acquiring 14 restaurants and significantly changing our capital structure. See the financial statements of The Snyder Group Company and the related notes included elsewhere in this prospectus.

In addition, in May 2000, we sold 12,500,000 shares of our common stock to affiliates of Quad-C, a private equity firm, for $25.0 million. The proceeds were used to pay off debentures and promissory notes, as well as pay down bank debt and fund new restaurant construction.

(2) Net income in 1999 included a benefit for income taxes of $1.6 million and net income in 2000 included a benefit for income taxes of $12.6 million, in each case as a result of the reversal of previously recorded deferred tax asset valuation allowance. Due to our improved profitability, the deferred tax asset valuation allowance was reversed because it became more likely than not that the deferred tax asset would be realized in the future.

(3) Company-owned restaurants become comparable in the first period following the first full fiscal year of operations. For example, the restaurants we acquired in May 2000 from The Snyder Group Company will be included in comparable company-owned restaurants in 2002.

(4) We define restaurant-level operating profit to be restaurant sales minus restaurant operating costs, excluding restaurant closures and impairment costs.

(5) EBITDA represents earnings before interest, taxes, depreciation and amortization. EBITDA is another measure commonly used to evaluate operating performance. EBITDA is not a measurement determined in accordance with generally accepted accounting principles and should not be considered in isolation or as an alternative to net income, cash flows generated by operations, investing or financing activities or other financial statement data presented as indicators of financial performance or liquidity. EBITDA as presented may not be comparable to other similarly titled measures of other companies. EBITDA margin is calculated as EBITDA divided by total revenues. The following table sets forth our calculation of EBITDA:

	1999	2000	2001
		(in thousands)	
Income (loss) from operations	$ 7,145	$ 8,805	$ 18,740
Depreciation and amortization	5,394	8,065	10,491
EBITDA	$ 12,539	$ 16,870	$ 29,231

(6) Adjusted to reflect the sale of shares of our common stock offered by us in this offering at an offering price of $ per share, less the underwriting discount and estimated offering expenses payable by us, and the use of the proceeds from this offering to repay approximately $ million of indebtedness under our term loan, including related fees, approximately $ million of indebtedness under our revolving credit facility and approximately $ million of indebtedness under one real estate and three equipment loans, including related fees.

RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully read and consider the risks described below before deciding to invest in our common stock. If any of the following risks actually occurs, our business, financial condition, results of operation or cash flows could be materially harmed. In any such case, the trading price of our common stock could decline, and you could lose all or part of your investment. When determining whether to buy our common stock, you should also refer to the other information in this prospectus, including our consolidated financial statements and the related notes.

Risks related to our business

Our growth strategy depends on opening new restaurants. Our ability to expand our restaurant base is influenced by factors beyond our control, which may slow restaurant development and expansion and impair our growth strategy.

We are pursuing an accelerated but disciplined growth strategy which, to be successful, will depend in large part on our ability and the ability of our franchisees to open new restaurants and to operate these restaurants on a profitable basis. We anticipate that our new restaurants will generally take several months to reach planned operating levels due to inefficiencies typically associated with new restaurants, including lack of market awareness, the need to hire and train sufficient team members and other factors. We cannot guarantee that we or our franchisees will be able to achieve our expansion goals or that new restaurants will be operated profitably. Further, we cannot assure you that any restaurant we open will obtain operating results similar to those of our existing restaurants. The success of our planned expansion will depend upon numerous factors, many of which are beyond our control, including the following:

- the hiring, training and retention of qualified operating personnel, especially managers;
- reliance on the knowledge of our executives and franchisees to identify available and suitable restaurant sites;
- competition for restaurant sites;
- negotiation of favorable lease terms;
- timely development of new restaurants, including the availability of construction materials and labor;
- management of construction and development costs of new restaurants;
- securing required governmental approvals and permits in a timely manner, or at all;
- competition in our markets; and
- general economic conditions.

Our success depends on our ability to locate and secure a sufficient number of suitable new restaurant sites.

One of our biggest challenges in meeting our growth objectives will be to locate and secure an adequate supply of suitable new restaurant sites. There can be no assurance that we will be able to find sufficient suitable locations, or suitable leases, for our planned expansion in any future period. We have experienced delays in opening some of our restaurants and may experience delays in the future. Delays or failures in opening new restaurants could materially adversely affect our planned growth.

Our restaurant expansion strategy focuses primarily on further penetrating existing markets. This strategy could cause sales in some of our existing restaurants to decline.

Our areas of highest concentration are California, Colorado, Washington and Oregon. In accordance with our expansion strategy, we intend to open new restaurants primarily in our existing markets. Because we typically draw guests from a relatively small radius around each of our restaurants, the sales performance and guest counts for restaurants near the area in which a new restaurant opens may decline due to the opening of new restaurants.

Our expansion into new markets may present increased risks due to our unfamiliarity with the area.

Some of our new restaurants will be located in areas where we have little or no meaningful experience. Those markets may have different competitive conditions, consumer tastes and discretionary spending patterns than our existing markets, which may cause our new restaurants to be less successful than restaurants in our existing markets. An additional risk in expansion into new markets is the lack of market awareness of the Red Robin brand. Restaurants opened in new markets typically open at lower average weekly sales volumes than do restaurants opened in existing markets, initially resulting in higher restaurant-level operating expense ratios than in existing markets. Sales at restaurants opened in new markets may take longer to reach average annual company-owned restaurant sales, if at all, thereby affecting the profitability of these restaurants.

Our expansion may strain our infrastructure and other resources, which could slow our restaurant development or cause other problems.

We face the risk that our existing systems and procedures, restaurant management systems, financial controls, information systems, management resources and human resources will be inadequate to support our planned expansion of company-owned and franchised restaurants. We may not be able to respond on a timely basis to all of the changing demands that our planned expansion will impose on our infrastructure and other resources. If we fail to continue to improve our infrastructure or to manage other factors necessary for us to achieve our expansion objectives, our operating results could be materially negatively affected.

Our ability to raise capital in the future may be limited, which could adversely impact our business.

Changes in our operating plans, acceleration of our expansion plans, lower than anticipated sales, increased expenses or other events, including those described in this section, may cause us to need to seek additional debt or equity financing on an accelerated basis. Financing may not be available on acceptable terms, or at all, and our failure to raise capital when needed could negatively impact our growth and other plans as well as our financial condition and results of operations. Additional equity financing may be dilutive to the holders of our common stock and debt financing, if available, may involve significant cash payment obligations and covenants and/or financial ratios that restrict our ability to operate our business. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”

If our franchisees cannot develop or finance new restaurants or build them on suitable sites or open them on schedule, our growth and success may be impeded.

Under our current form of area development agreement, franchisees must develop a predetermined number of restaurants in their area according to a schedule that lasts for the term of their development agreement. Franchisees may not have access to the financial or management resources that they need to open the restaurants required by their development schedules, or be able to find suitable sites on which to develop them. Franchisees may not be able to negotiate acceptable lease or purchase terms for the sites, obtain the necessary permits and government approvals or meet construction schedules. In the past, we have agreed to extend or modify development schedules for certain areas developers, and we may do so in the future. Any of these problems could slow our growth and reduce our franchise revenues.

Additionally, our franchisees depend upon financing from banks and other financial institutions in order to construct and open new restaurants. Over the past several years, financing has been difficult for small operators to obtain. Should these conditions continue into the future, the lack of adequate availability of debt financing could adversely affect the number and rate of new restaurant openings by our franchisees and adversely affect our future franchise revenues.

Our franchisees could take actions that could harm our business.

Franchisees are independent contractors and are not our employees. We provide training and support to franchisees, but the quality of franchised restaurant operations may be diminished by any number of factors beyond our control. Consequently, franchisees may not successfully operate restaurants in a manner consistent with our standards and requirements, or may not hire and train qualified managers and other restaurant personnel. If franchisees do not, our image and reputation, and the image and reputation of other franchisees, may suffer materially and system-wide sales could significantly decline.

The acquisition of existing restaurants from our franchisees may have unanticipated consequences that could harm our business and the financial condition.

We may seek to selectively acquire existing restaurants from our franchisees. To do so, we would need to identify suitable acquisition candidates, negotiate acceptable acquisition terms and obtain appropriate financing. Any acquisition that we pursue, whether or not successfully completed, may involve risks, including:

- material adverse effects on our operating results, particularly in the fiscal quarters immediately following the acquisition as it is integrated into our operations;
- risks associated with entering into markets or conducting operations where we have no or limited prior experience; and
- the diversion of management's attention from other business concerns.

Future acquisitions of existing restaurants from our franchisees, which may be accomplished through a cash purchase transaction or the issuance of our equity securities, or a combination of both, could result in potentially dilutive issuances of our equity securities, the incurrence of debt and contingent liabilities and impairment charges related to goodwill and other intangible assets, any of which could harm our business and financial condition.

Our operations are susceptible to changes in food availability and costs which could adversely affect our operating results.

Our profitability depends in part on our ability to anticipate and react to changes in food costs. We rely on SYSCO Corporation, a national food distributor, as the primary supplier of our food. Any increase in distribution prices or failure to perform by SYSCO could cause our food costs to increase. There also could be a significant short-term disruption in our supply chain if SYSCO failed to meet our distribution requirements or our relationship was terminated. Further, various factors beyond our control, including adverse weather conditions, governmental regulation, production, availability and seasonality may affect our food costs or cause a disruption in our supply chain. Chicken represented approximately 19.6% and beef represented approximately 10.0% of our food purchases in 2001. We enter into annual contracts with our beef and chicken suppliers. Our contracts for chicken are fixed price contracts. Our contracts for beef are generally based on current market prices plus a processing fee. Changes in the price or availability of chicken or beef could materially adversely affect our profitability. We cannot predict whether we will be able to anticipate and react to changing food costs by adjusting our purchasing practices and menu prices, and a failure to do so could adversely affect our operating results. In addition, because we provide a "value-priced" product, we may not be able to pass along price increases to our guests.

Our quarterly operating results may fluctuate significantly and could fall below the expectations of securities analysts and investors due to seasonality and other factors, resulting in a decline in our stock price.

Our quarterly operating results may fluctuate significantly because of several factors, including:

- the timing of new restaurant openings and related expenses;
- restaurant operating costs and pre-opening costs for our newly-opened restaurants, which are often materially greater during the first several months of operation than thereafter;
- labor availability and costs for hourly and management personnel;
- profitability of our restaurants, especially in new markets;
- franchise development costs;
- increases and decreases in comparable restaurant sales;
- impairment of long-lived assets, including goodwill, and any loss on restaurant closures;
- general economic conditions;
- changes in consumer preferences and competitive conditions; and
- fluctuations in commodity prices.

Our business is also subject to seasonal fluctuations. Historically, sales in most of our restaurants have been higher during the summer months and winter holiday season of each fiscal year. As a result, our quarterly and annual operating results and comparable restaurant sales may fluctuate significantly as a result of seasonality and the factors discussed above. Accordingly, results for any one quarter are not necessarily indicative of results to be expected for any other quarter or for any year and comparable restaurant sales for any particular future period may decrease. In the future, operating results may fall below the expectations of securities analysts and investors. In that event, the price of our common stock would likely decrease.

A decline in visitors to any of the retail centers, big box shopping centers or entertainment centers near the locations of our restaurants could negatively affect our restaurant sales.

Our restaurants are primarily located near high activity areas such as retail centers, big box shopping centers and entertainment centers. We depend on high visitor rates at these centers to attract guests to our restaurants. If visitors to these centers decline due to economic conditions, changes in consumer preferences or shopping patterns, changes in discretionary consumer spending or otherwise, our restaurant sales could decline significantly and adversely affect our results of operations.

If we lose the services of any of our key management personnel, our business could suffer.

Our future success significantly depends on the continued services and performance of our key management personnel, particularly Mike Snyder, our chief executive officer and president; Jim McCloskey, our chief financial officer; Mike Woods, our senior vice president of franchise development; Bob Merullo, our senior vice president of restaurant operations; Todd Brighton, our vice president of development; and Eric Houseman, our vice president of restaurant operations. Our future performance will depend on our ability to motivate and retain these and other executive officers and key team members, particularly regional operations directors, restaurant general managers and kitchen managers. Competition for these employees is intense. The loss of the services of members of our senior management or key team members or the inability to attract additional qualified personnel as needed could materially harm our business.

Approximately 85.1% of our company-owned restaurants are located in the Western United States and, as a result, we are sensitive to economic and other trends and developments in this region.

We currently operate a total of 74 company-owned restaurants in the Western United States. As a result, we are particularly susceptible to adverse trends and economic conditions in this region, including its labor market.

In addition, given our geographic concentration, negative publicity regarding any of our restaurants in the Western United States could have a material adverse effect on our business and operations, as could other regional occurrences such as local strikes, energy shortages or increases in energy prices, droughts or earthquakes or other natural disasters.

Our future success depends on our ability to protect our proprietary information.

Our business prospects will depend in part on our ability to develop favorable consumer recognition of the Red Robin name and logo. Although Red Robin®, America's Gourmet Burgers & Spirits® and Mad Mixology® are federally registered trademarks with the United States Patent and Trademark Office and in Canada, our trademarks could be infringed in ways that leave us without redress, such as by imitation. In addition, we rely on trade secrets and proprietary know-how, and we employ various methods, to protect our concepts and recipes. However, such methods may not afford adequate protection and others could independently develop similar know-how or obtain access to our know-how, concepts and recipes. Moreover, we may face claim(s) of infringement that could interfere with both our use of our proprietary know-how, concepts, recipes or trade secrets. Defending against such claim(s) may be costly and, if unsuccessful, may prevent us from continuing to use such proprietary information in the future. We do not maintain confidentiality and non-competition agreements with all of our executives, key personnel or suppliers. In the event competitors independently develop or otherwise obtain access to our know-how, concepts, recipes or trade secrets, the appeal of our restaurants could be reduced and our business could be harmed. We franchise our system to various franchisees. While we try to ensure that the quality of our brand and compliance with our operating standards, and the confidentiality thereof are maintained by all of our franchisees, we cannot assure that our franchisees will avoid actions that adversely affect the reputation of Red Robin or the value of our proprietary information.

Risks related to the food service industry

Changes in consumer preferences or discretionary consumer spending could negatively impact our results of operations.

Our restaurants feature burgers, salads, soups, appetizers, other entrees such as rice bowls and pasta, desserts and our signature Mad Mixology® alcoholic and non-alcoholic beverages in a family-friendly atmosphere. Our continued success depends, in part, upon the popularity of these foods and this style of casual dining. Shifts in consumer preferences away from this cuisine or dining style could materially adversely affect our future profitability. 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. While burger consumption in the United States has grown over the past 20 years, the demand may not continue to grow or taste trends may change. Our success will depend in part on our ability to anticipate and respond to changing consumer preferences, tastes and eating and purchasing habits, as well as other factors affecting the food service industry, including new market entrants and demographic changes. Also, our success depends to a significant extent on numerous factors affecting discretionary consumer spending, including economic conditions, disposable consumer income and consumer confidence. Adverse changes in these factors could reduce guest traffic or impose practical limits on pricing, either of which could harm our results of operations.

Health concerns relating to the consumption of beef or other food products could affect consumer preferences and could negatively impact our results of operations.

Like other restaurant chains, consumer preferences could be affected by health concerns about the consumption of beef, the key ingredient in many of our menu items, or negative publicity concerning food quality, illness and injury generally, such as negative publicity concerning e-coli, "mad cow" or "foot-and-mouth" disease, publication of government or industry findings concerning food products served by us, or other health concerns or operating issues stemming from one restaurant or a limited number of restaurants. This negative publicity may adversely affect demand for our food and could result in a decrease in guest traffic to our

restaurants. If we react to the negative publicity by changing our concept or our menu, we may lose guests who do not prefer the new concept or menu, and may not be able to attract a sufficient new guest base to produce the revenue needed to make our restaurants profitable. In addition, we may have different or additional competitors for our intended guests as a result of a concept change and may not be able to compete successfully against those competitors. A decrease in guest traffic to our restaurants as a result of these health concerns or negative publicity or as a result of a change in our menu or concept could materially harm our business.

Labor shortages could slow our growth or harm our business.

Our success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified, high energy team members. Qualified individuals of the requisite caliber and number needed to fill these positions are in short supply in some areas. The inability to recruit and retain these individuals may delay the planned openings of new restaurants or result in high employee turnover in existing restaurants, which could harm our business. Additionally, competition for qualified team members could require us to pay higher wages to attract sufficient team members, which could result in higher labor costs. Most of our employees are paid in accordance with minimum wage regulations. Accordingly, any increase, whether state or federal, could have a material adverse impact on our business.

We are subject to extensive government laws and regulations that govern various aspects of our business. Our operations and our ability to expand and develop our restaurants may be adversely affected by these laws and regulations, which could cause our revenues to decline and adversely affect our growth strategy.

The restaurant industry is subject to various federal, state and local government regulations, including those relating to the sale of food and alcoholic beverages. While at this time we have been able to obtain and maintain the necessary governmental licenses, permits and approvals, the failure to maintain these licenses, permits and approvals, including food and liquor licenses, could adversely affect our operating results. Difficulties or failure in obtaining the required licenses and approvals could delay or result in our decision to cancel the opening of new restaurants. Local authorities may suspend or deny renewal of our food and liquor licenses if they determine that our conduct does not meet applicable standards or if there are changes in regulations.

We are subject to “dram shop” statutes in some states. These statutes generally allow a person injured by an intoxicated person to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated person. A judgment substantially in excess of our insurance coverage could harm our financial condition.

Various federal and state labor laws govern our relationship with our employees and affect operating costs. These laws include minimum wage requirements, overtime pay, unemployment tax rates, workers’ compensation rates, citizenship requirements and sales taxes. Additional government-imposed increases in minimum wages, overtime pay, paid leaves of absence and mandated health benefits, increased tax reporting and tax payment requirements for employees who receive gratuities, or a reduction in the number of states that allow tips to be credited toward minimum wage requirements could harm our operating results.

The Federal Americans with Disabilities Act prohibits discrimination on the basis of disability in public accommodations and employment. Although our restaurants are designed to be accessible to the disabled, we could be required to make modifications to our restaurants to provide service to, or make reasonable accommodations for, disabled persons.

We are also subject to federal regulation and state laws that regulate the offer and sale of franchises and aspects of the licensor-licensee relationship. Many state franchise laws impose restrictions on the franchise agreement, including limitations on non-competition provisions and the termination or non-renewal of a franchise. Some states require that franchise materials be registered before franchises can be offered or sold in the state.

A significant increase in litigation could have a material adverse effect on our results of operations, financial condition and business prospects.

As a participant in the restaurant industry, we are sometimes the subject of complaints or litigation from guests alleging illness, injury or other food quality, health or operational concerns. Adverse publicity resulting from these allegations could harm our restaurants, regardless of whether the allegations are valid or whether we are liable. In fact, we are subject to the same risks of adverse publicity resulting from these sorts of allegations even if the claim actually involves one of our franchisees. Further, employee claims against us based on, among other things, discrimination, harassment or wrongful termination may divert our financial and management resources that would otherwise be used to benefit the future performance of our operations.

Our success depends on our ability to compete effectively in the restaurant industry.

Competition in the restaurant industry is increasingly intense. We compete on the basis of the taste, quality, and price of food offered, guest service, ambiance and overall dining experience. We believe that our operating concept, attractive dining value and quality of food and guest service, enable us to differentiate ourselves from our competitors. Our competitors include a large and diverse group of restaurant chains and individual restaurants that range from independent local operators that have opened restaurants in various markets, to well-capitalized national restaurant companies. In addition, we compete with other restaurants and with retail establishments for real estate. Many of our competitors are well-established in the casual dining market segment and some of our competitors have substantially greater financial, marketing and other resources than do we.

Risks related to this offering

Our stock price may be volatile, and you may not be able to resell your shares at or above the initial offering price.

Prior to this offering, there has been no public market for shares of our common stock. An active trading market may not develop or be sustained following completion of this offering. The initial public offering price of the shares has been determined by negotiations between us and representatives of the underwriters. The price may bear no relationship to the price at which our common stock will trade upon completion of this offering. The stock market has experienced significant price and volume fluctuations. Fluctuations or decreases in the trading price of our common stock may adversely affect your ability to trade your shares.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted. A securities class action suit against us could result in substantial costs and divert management's attention and resources that would otherwise be used to benefit the future performance of our operations.

Approximately % of our outstanding shares of common stock may be sold into the public market in the future, which could depress our stock price.

The shares of common stock sold in this offering (and any shares sold upon exercise of the underwriters' over-allotment option) will be freely tradable without restriction under the Securities Act of 1933, except for any shares held by our officers, directors and principal stockholders. As of March 24, 2002, approximately an additional 1,934,078 shares of common stock are currently freely tradable under Rule 144(k) under the Securities Act, unless any of such shares are purchased by one of our existing affiliates as that term is defined in Rule 144 under the Securities Act.

As of March 24, 2002, approximately 27,163,328 shares of our common stock which are outstanding and held by our affiliates are subject to the volume and other limitations of Rule 144 or Rule 701 under the Securities Act. Approximately shares of our common stock are subject to lock-up agreements under which the holders have

agreed not to sell or otherwise dispose of any of their shares for a period of 180 days after the date of this prospectus without the prior written consent of Banc of America Securities LLC. In its sole discretion and at any time without notice, Banc of America Securities LLC may release all or any portion of the shares subject to the lock-up agreements. All of the shares subject to lock-up agreements will become available for sale in the public market immediately following expiration of the 180 day lock-up period, subject (to the extent applicable) to the volume and other limitations of Rule 144 or Rule 701 under the Securities Act. After expiration of the lock-up period, some of our stockholders have the contractual right to require us to register some of their shares of common stock for future sale. In addition, options to purchase 4,240,950 shares of our common stock are outstanding as of March 24, 2002. Following this offering, we expect to register the shares underlying these options. Subject to the exercise of these options, shares included in such registration will be available for sale in the public market immediately after the 180-day lock-up period expires.

Sales of substantial amounts of common stock in the public market, or the perception that these sales may occur, could adversely affect the prevailing market price of our common stock and our ability to raise capital through a public offering of our equity securities. See “Shares Eligible for Future Sale” which describes the circumstances under which restricted shares or shares held by affiliates may be sold in the public market.

Some of our stockholders can exert control over us, and may not make decisions that are in the best interests of all stockholders.

After this offering, Quad-C, through its affiliates, will own approximately % of our outstanding common stock, and our officers, directors and principal stockholders, i.e., stockholders holding more than 5.0% of our common stock, including Quad-C, will together control approximately % of our outstanding common stock. As a result, Quad-C and these other stockholders, acting individually or together, could exert significant influence over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. In addition, this concentration of ownership may delay or prevent a change in control of our company, and make some transactions more difficult or impossible without the support of these stockholders. Also, the interests of Quad-C and these other stockholders may not always coincide with our interests as a company or the interest of other stockholders. Accordingly, Quad-C and these other stockholders could cause us to enter into transactions or agreements that you would not approve.

As a new investor, you will experience immediate and substantial dilution in net tangible book value.

Investors purchasing shares of our common stock in this offering will pay more for their shares than the amount paid by existing stockholders who acquired shares prior to this offering. Accordingly, if you purchase common stock in this offering, you will incur immediate dilution in pro forma net tangible book value of approximately $ per share. If the holders of outstanding options or warrants exercise these options or warrants, you will incur further dilution. See “Dilution.”

Provisions in Delaware law and our charter may prevent or delay a change of control, even if that change of control may be beneficial to our stockholders.

We are subject to the Delaware anti-takeover laws regulating corporate takeovers. These anti-takeover laws prevent Delaware corporations from engaging in business combinations with any stockholder, including all affiliates and associates of the stockholder, who owns 15.0% or more of the corporations’ outstanding voting stock, for three years following the date that the stockholder acquired 15.0% or more of the corporation’s voting stock unless specified conditions are met, as further described in “Description of Capital Stock.”

Prior to the consummation of this offering, we intend to amend and restate our certificate of incorporation and bylaws. Our amended and restated certificate of incorporation and bylaws will include a number of provisions that may deter or impede hostile takeovers or changes of control of management. These provisions will:

- authorize our board of directors to establish one or more series of preferred stock, the terms of which can be determined by the board of directors at the time of issuance;
- divide our board of directors into three classes of directors, with each class serving a staggered three-year term. As the classification of the board of directors generally increases the difficulty of replacing a majority of the directors, it may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us and may maintain the composition of the board of directors;
- prohibit cumulative voting in the election of directors unless required by applicable law. Under cumulative voting, a minority stockholder holding a sufficient percentage of a class of shares may be able to ensure the election of one or more directors;
- provide that a director may be removed from our board of directors only for cause, and then only by a supermajority vote of the outstanding shares;
- require that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing;
- state that special meetings of our stockholders may be called only by the chairman of the board of directors, our chief executive officer, by the board of directors after a resolution is adopted by a majority of the total number of authorized directors, or by the holders of not less than 10.0% of our outstanding voting stock;
- provide that the chairman or other person presiding over any stockholder meeting may adjourn the meeting whether or not a quorum is present at the meeting;
- establish advance notice requirements for submitting nominations for election to the board of directors and for proposing matters that can be acted upon by stockholders at a meeting;
- provide that certain provisions of our certificate of incorporation can be amended only by supermajority vote of the outstanding shares, and that our bylaws can be amended only by supermajority vote of the outstanding shares or our board of directors;
- allow our directors, not our stockholders, to fill vacancies on our board of directors; and
- provide that the authorized number of directors may be changed only by resolution of the board of directors.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. These statements relate to future events or our future financial performance. We have attempted to identify forward-looking statements by terminology including "anticipates," "believes," "can," "continue," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "should" or "will" or the negative of these terms or other comparable terminology.

These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including those relating to:

- our ability to achieve and manage our planned expansion;
- our ability to raise capital in the future;
- the ability of our franchisees to open and manage new restaurants;
- our franchisees' adherence to our practices, policies and procedures;
- changes in the availability and costs of food;
- potential fluctuation in our quarterly operating results due to seasonality and other factors;
- the continued service of key management personnel;
- the concentration of our restaurants in the Western United States;
- our ability to protect our name and logo and other proprietary information;
- changes in consumer preferences or consumer discretionary spending;
- health concerns about our food products;
- our ability to attract, motivate and retain qualified team members;
- the impact of federal, state or local government regulations relating to our team members or the sale of food and alcoholic beverages;
- the impact of litigation; and
- the effect of competition in the restaurant industry.

Other risks, uncertainties and factors, including those discussed under "Risk Factors," could cause our actual results to differ materially from those projected in any forward-looking statements we make.

We assume no obligation to publicly update or revise these forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the sale of shares of common stock in this offering of $ million, based on the initial public offering price of $ per share, $ million if the underwriters' over-allotment option is exercised in full, after deducting underwriting discounts and commissions and estimated offering expenses. We will not receive any proceeds from the sale of shares by the selling stockholders.

We intend to use the net proceeds of this offering as follows:

- approximately $ million to repay the outstanding amounts under our term loan with Finova Capital Corporation, including a prepayment penalty of 4.0%, which bears interest at 9.9% and has a maturity date of September 1, 2012.
- approximately $ million to repay the outstanding amounts under our revolving credit facility with U.S. Bank National Association, which bears interest at the London Interbank Offered Rate, or LIBOR, plus 3.0% and has a maturity date of March 31, 2003. We entered into this revolving credit facility for working capital and capital expenditure needs.
- approximately $ million to repay the outstanding amounts under one real estate loan with Captec Financial Group, including a prepayment penalty of 1.0%, which bears interest at 10.1% and has a maturity date of January 1, 2012.
- approximately $ million to repay the outstanding amounts under two equipment loans with Captec and one equipment loan with General Electric Capital Corporation, which bear interest at rates ranging from 9.6% to 11.6% and have maturity dates between April 1, 2003 and December 1, 2003.

We intend to use the balance of the net proceeds of the offering for general corporate purposes, including opening new restaurants and acquiring existing restaurants from franchisees. We regularly consider these acquisitions in the ordinary course of business, although we currently have no agreements regarding any future acquisitions. Pending use for general corporate purposes, opening new restaurants or making acquisitions, we intend to invest the net proceeds in short-term, investment-grade, interest-bearing securities. We cannot predict whether the proceeds invested will yield a favorable return. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" for additional information regarding our sources and uses of capital.

DIVIDEND POLICY

We did not declare or pay any cash dividends on our common stock in 2000 or 2001. We currently anticipate that we will retain any future earnings for the operation and expansion of our business. Accordingly, we do not anticipate declaring or paying any cash dividends on our common stock in the foreseeable future.

Our credit agreements prohibit us from declaring or paying any dividends or paying any dividends or other distributions on any shares of our capital, subject to specified exceptions.

Any future determination relating to our dividend policy will be made at the discretion of our board of directors and will depend on then existing conditions, including our financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

CAPITALIZATION

The following table sets forth our cash, cash equivalents and capitalization as of December 30, 2001:

- on an actual basis; and
- on an as adjusted basis to reflect the sale of shares of our common stock offered by us in this offering at an offering price of $ per share, less the underwriting discount and estimated offering expenses payable by us, and the use of proceeds from this offering to repay approximately $ million of indebtedness under our term loan, including related fees, approximately $ million of indebtedness under our revolving credit facility and approximately $ of indebtedness under one real estate and three equipment loans, including related fees.

You should read the following table in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus.

	December 30, 2001	
	Actual	As Adjusted
		(unaudited)
	(in thousands)	
Cash and cash equivalents	$ 18,992	$
Current portion of long-term debt (1) (2)	$ 5,077	$
Long-term debt (1) (2)	75,010	
Stockholders' equity:		
Common stock, $.001 par value: 50,000,000 shares authorized, 29,261,906 shares issued and outstanding, actual; shares authorized, shares issued and outstanding, as adjusted (3)	29	
Additional paid-in capital	53,436	
Retained earnings (accumulated deficit)	(5,887)	
Total stockholders' equity	47,578	
Total capitalization	$ 127,665	$

(1) We are currently in discussions with lenders to enter into a new credit facility contingent upon the consummation of this offering.
(2) Long-term debt includes capital leases.
(3) Excludes 4,097,600 shares of common stock issuable on the exercise of stock options outstanding as of December 30, 2001.

DILUTION

Our net tangible book value at December 30, 2001 was approximately $18.0 million, or approximately $0.62 per share. Net tangible book value per share represents the amount of our total tangible assets less total liabilities, divided by the number of shares of common stock outstanding as of December 30, 2001. Our pro forma net tangible book value per share as of December 30, 2001 would have been approximately $ million or approximately $ per share after giving effect to the sale of shares of common stock offered by us at an assumed initial public offering price of $ and our receipt of the estimated net proceeds after deducting estimated underwriting discounts and estimated offering expenses and repayment of approximately $ million of indebtedness under our term loan, including related fees, approximately $ million of indebtedness under our revolving credit facility and approximately $ million of indebtedness under one real estate and three equipment loans, including related fees. This represents an immediate increase in net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to new investors purchasing shares of common stock in this offering. If the initial public offering price is higher or lower, the dilution to investors will be greater or less. The following table illustrates this per share dilution.

Assumed initial public offering price per share		$
Net tangible book value per share as of December 30, 2001	$ 0.62	
Increase in net tangible book value per share attributable to new investors		
Pro forma net tangible book value per share after the offering		
Dilution per share to new investors		$

The following table summarizes the difference between the existing stockholders and new stockholders with respect to the number of shares of common stock purchased from us, the total consideration paid to us, and the average price per share paid. The information is presented as of December 30, 2001 and is based on an assumed initial public offering price of $ per share, before deducting the underwriting discount and commissions and our estimated offering expenses:

	Shares Purchased		Total Consideration		
	Number	Percent	Amount	Percent	Average Price Per Share
Existing stockholders	29,261,906	%	$53,464,958	%	$ 1.83
New stockholders					
Total		100%	$	100%	

The foregoing discussion and tables are based upon the number of shares actually issued and outstanding on December 30, 2001 and exclude shares of common stock reserved for issuance under our stock option plans, of which 4,097,600 shares were subject to options outstanding on December 30, 2001, at a weighted average exercise price of $2.02 per share, and shares of common stock reserved for issuance under our employee stock purchase plan. The issuance of common stock in connection with these plans will result in further dilution to new investors.

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The following table contains selected consolidated financial and operating data. Statement of income and balance sheet data for each fiscal year is derived from our consolidated financial statements, which have been audited by Deloitte & Touche LLP, independent auditors. 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 included elsewhere in this prospectus.

	Fiscal Year Ended				
	1997	1998	1999	2000(1)	2001
	(in thousands, except per share data, restaurant-related data and footnotes)				
Statement of Income Data:					
Revenue:					
Restaurant	$ 108,604	$ 110,953	$ 121,430	$ 180,413	$ 214,963
Franchise royalties and fees	7,078	7,193	8,249	8,247	9,002
Rent revenue	36	69	333	510	520
Total revenues	115,718	118,215	130,012	189,170	224,485
Costs and expenses:					
Restaurant operating costs:					
Cost of sales	28,471	27,679	30,159	43,945	50,914
Labor	40,261	39,089	43,504	64,566	74,854
Operating	16,550	17,382	19,429	27,960	33,195
Occupancy	6,433	6,379	7,998	11,519	14,785
Restaurant closures and impairment	6,342	140	(330)	1,302	36
Depreciation and amortization	7,135	5,008	5,394	8,065	10,491
General and administrative	10,974	13,578	13,434	17,116	16,845
Franchise development	870	1,982	2,508	3,386	3,704
Pre-opening costs	159	—	771	2,506	921
Total costs and expenses	117,195	111,237	122,867	180,365	205,745
Income (loss) from operations	(1,477)	6,978	7,145	8,805	18,740
Other (income) expense:					
Interest expense	4,785	4,460	4,156	6,482	7,850
Interest income	(127)	(282)	(186)	(742)	(746)
Other expense	559	595	391	191	190
Total other expense	5,217	4,773	4,361	5,931	7,294
Income (loss) before income taxes	(6,694)	2,205	2,784	2,874	11,446
(Provision) benefit for income taxes(2)	(1,899)	33	1,596	12,557	(3,722)
Net income (loss)(2)	$ (8,593)	$ 2,238	$ 4,380	$ 15,431	$ 7,724
Net income (loss) per common share(2)					
Basic	$ (1.04)	$ 0.27	$ 0.51	$ 0.71	$ 0.26
Diluted	$ (1.04)	$ 0.27	$ 0.51	$ 0.71	$ 0.26
Shares used in computing net income per common share					
Basic	8,255	8,419	8,617	21,587	29,248
Diluted	8,255	8,419	8,617	21,587	29,684
Selected Operating Data:					
System-wide restaurants open at end of year	128	131	144	164	182
Company-owned restaurants open at end of year	46	44	46	73	77
Average annual comparable company-owned restaurant sales(3)	$ 2,309	$ 2,496	$ 2,664	$ 2,890	$ 3,020
Comparable company-owned restaurant sales increase(3)	9.2%	4.9%	5.8%	6.9%	2.0%
Restaurant-level operating profit(4)	$ 16,889	$ 20,424	$ 20,340	$ 32,423	$ 41,215
EBITDA(5)	5,658	11,986	12,539	16,870	29,231
EBITDA margin(5)	4.9%	10.1%	9.6%	8.9%	13.0%

	Fiscal Year				
	1997	1998	1999	2000	2001
Balance Sheet Data:					
Cash and cash equivalents	$ 3,414	$ 5,645	$ 5,176	$ 8,317	$ 18,992
Total assets(1)	52,555	55,338	70,706	141,184	155,041
Long-term debt, including current portion	58,418	57,509	66,120	78,413	80,087
Total stockholders' equity (deficit)(1)	(22,248)	(19,291)	(14,861)	39,773	47,578

(1) In May 2000, we purchased all of the outstanding capital stock of one of our franchisees, The Snyder Group Company, for approximately $23.7 million plus liabilities assumed of $20.0 million, thereby acquiring 14 restaurants and significantly changing our capital structure. See the financial statements of The Snyder Group Company and the related notes included elsewhere in this prospectus.
In addition, in May 2000, we sold 12,500,000 shares of our common stock to affiliates of Quad-C, a private equity firm, for $25.0 million. The proceeds were used to pay off debentures and promissory notes, as well as pay down bank debt and fund new restaurant construction.

(2) Net income in 1999 included a benefit for income taxes of $1.6 million and net income in 2000 included a benefit for income taxes of $12.6 million, in each case as a result of the reversal of previously recorded deferred tax asset valuation allowance. Due to our improved profitability, the deferred tax asset valuation allowance was reversed because it became more likely than not that the deferred tax asset would be realized in the future.

(3) Company-owned restaurants become comparable in the first period following the first full fiscal year of operations. For example, the restaurants we acquired in May 2000 from The Snyder Group Company will be included in comparable company-owned restaurants in 2002.

(4) We define restaurant-level operating profit to be restaurant sales minus restaurant operating costs, excluding restaurant closures and impairment costs.

(5) EBITDA represents earnings before interest, taxes, depreciation and amortization. EBITDA is another measure commonly used to evaluate operating performance. EBITDA is not a measurement determined in accordance with generally accepted accounting principles and should not be considered in isolation or as an alternative to net income, cash flows generated by operations, investing or financing activities or other financial statement data presented as indicators of financial performance or liquidity. EBITDA as presented may not be comparable to other similarly titled measures of other companies. EBITDA margin is calculated as EBITDA divided by total revenues. The following table sets forth our calculation of EBITDA:

	1997	1998	1999	2000	2001
			(in thousands)		
Income (loss) from operations	($ 1,477)	$ 6,978	$ 7,145	$ 8,805	$ 18,740
Depreciation and amortization	7,135	5,008	5,394	8,065	10,491
EBITDA	$ 5,658	$ 11,986	$ 12,539	$ 16,870	$ 29,231

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and related notes. This discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors including, but not limited to, those discussed in "Risk Factors" and elsewhere in this prospectus.

Overview

As of March 24, 2002, we owned and operated 87 casual dining restaurants under the name "Red Robin® America's Gourmet Burgers & Spirits®" in 12 states and had 97 additional restaurants operating under franchise or license agreements in 19 states and Canada. During our more than 33 years of operating history, we believe we have developed strong brand awareness and demonstrated the appeal of our concept in a wide variety of geographic areas.

We opened our first restaurant in 1969 in Seattle, Washington. In 1985, Skylark Co., Ltd., a large publicly-traded restaurant company based in Japan, purchased a majority interest in our company. At that time, we had seven company-owned restaurants and 15 franchised restaurants.

During the 11-year period following Skylark's investment, we expanded aggressively by opening or purchasing from franchisees 56 restaurants, but we were unable to establish a focused and consistent concept or profitable operating results at our restaurants. As a result, we experienced slower sales growth than our franchised restaurants. In an attempt to improve our operating results, we implemented several changes in management but were unable to find a successful management team. During this period, we also closed seven of these 56 restaurants.

By 1995, average restaurant sales at company-owned restaurants were 22.6% below our United States franchisees' average restaurant sales. Despite the problems we were experiencing, our leading franchisee at the time, The Snyder Group Company, led by Mike Snyder, continued to expand profitably by staying focused on our core menu of gourmet burgers and emphasizing superior guest service, dining experience and profitability.

In 1996, Skylark named Mike Snyder to the position of president, and granted him a minority ownership interest in our company. Under his leadership, we implemented a number of turnaround initiatives, including strengthening our gourmet burger concept, recruiting a new management team, upgrading management information systems, streamlining in-restaurant operations and improving guest service. We closed ten under performing restaurants between 1996 and March 1998. These closures resulted in costs and impairments of approximately $14.5 million in 1996 and $6.3 million in 1997, and enabled us to improve our infrastructure and to focus on successful locations.

In 1997 and 1998, we did not open any new restaurants. Instead, we continued to focus on operational improvements, the development of our service-oriented culture, and improving the profitability at our existing restaurants. During this time, our operating results improved from a loss before income taxes of $22.2 million in 1996 to income before incomes taxes of $2.2 million in 1998. In 1999, we opened four new restaurants, and our income before income taxes grew to $2.8 million.

In May 2000, we completed a recapitalization of our company. We acquired Mike Snyder's 14-unit franchise company, The Snyder Group Company, in exchange for equity, cash and notes. In addition, Quad-C, a private equity firm whose principals have substantial experience in the restaurant industry, made an equity investment of $25.0 million in our company through its affiliates. As a result of these two transactions, Quad-C became our largest stockholder and Mike Snyder acquired a significant equity interest in our company.

In the last three years, we have instituted a disciplined growth plan and focused largely on further penetrating our existing markets. During 2000 and 2001, we opened 21 new company-owned restaurants. In 2002, we intend to relocate one restaurant and open approximately ten new company-owned restaurants, in addition to the acquisition of ten franchised restaurants completed in January and February.

In early 2001, we implemented a number of initiatives which were focused on improving our performance in each major cost category on our operating statement. The improvement in restaurant operating results, combined with these cost savings, improved EBITDA margins from 8.9% in 2000 to 13.0% in 2001.

Overall, as a result of the turnaround initiatives and the growth and cost-control strategies implemented by Mike Snyder beginning in 1996, we have increased average restaurant sales at our comparable company-owned restaurants from $2.1 million in 1995 to $3.0 million in 2001, and have expanded restaurant-level operating profit margins from 13.0% in 1995 to 19.2% in 2001.

Critical accounting policies and estimates

The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts. The estimates and assumptions are evaluated on an ongoing basis and are based on historical experience and on various other factors that are believed to be reasonable.

Accounts significantly impacted by estimates and assumptions include, but are not limited to, franchise receivables, assets held for sale, fixed asset lives, goodwill, intangible assets, income taxes, self-insurance and worker's compensation reserves, closed restaurant reserves, utilities, and contingencies and litigation.

We believe that the following represent our more critical accounting policies and estimates used in the preparation of our consolidated financial statements, although not inclusive.

Revenue recognition—franchise operations

We typically grant franchise rights to private operators for a term of 20 years, with the right to extend the term for an additional ten years if certain conditions are satisfied. We provide management expertise, training, pre-opening assistance and restaurant operating assistance in exchange for area development fees, franchise fees, license fees and royalties of 3.0% to 4.0% of the franchised restaurant's adjusted sales. Franchise fee revenue from individual franchise sales is recognized when all material obligations of and initial services to be provided by us have been performed, generally upon the opening of the restaurant. Until earned, these fees are accounted for as deferred revenue, a liability. Area franchise fees are dependent upon the number of restaurants in the territory as are our obligations under the area franchise agreement. Consequently, as our obligations are met, area franchise fees are recognized proportionately with the opening of each new restaurant. Royalties are accrued as earned, and are calculated each period based on the reporting franchisee's adjusted sales.

Valuation of long-lived assets

In accordance with Statement of Financial Accounting Standards No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of, management assesses for impairment both those assets for which management has committed to a plan of disposal and long-lived assets to be held and used in continuing operations whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We will recognize an impairment loss when the sum of undiscounted expected future cash flows is less than the carrying amount of such assets. The measurement for such an impairment loss is then based on the fair value of the asset as determined by discounted cash flows or appraisals, if available. As of December 30, 2001, we had not adopted the Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. Effective in 2002, we will adopt Financial Accounting Standards No. 142 and Financial Accounting Standards No. 144. See "Management's Discussion and Analysis of Financial Condition and Results of Operation—Recent Accounting Developments."

Income taxes

We recognize deferred tax liabilities and assets for the future consequences of events that have been recognized in our consolidated financial statements or tax returns. In the event the future consequences of differences between financial reporting bases and tax bases of our assets and liabilities result in a deferred tax asset, an evaluation is made of the probability of being able to realize the future benefits indicated by such asset. A valuation allowance related to a deferred tax asset is recorded when it is more likely than not that some portion or all of the deferred tax asset will not be realized. Measurement of the deferred items is based on enacted tax laws. Due to our improved profitability, in 1999 and 2000, we reversed a valuation allowance on deferred taxes due to management's conclusion that it was more likely than not that we would realize a net operating loss carryforward to offset future taxes. As of December 31, 2000, we had no valuation allowance for deferred taxes.

Our accounting policies are more fully described in note 1 to our consolidated financial statements included elsewhere in this prospectus.

Financial definitions

Revenues. Our revenues are comprised of restaurant sales, franchise royalties and fees and rent. Our restaurant sales are comprised almost entirely of food and beverage sales. In 2001, alcohol sales represented 9.5% of restaurant sales. Our franchise royalties and fees represented 4.0% of our total revenues in 2001 and consisted primarily of royalty income and initial franchise fees. Rent revenue is comprised of rents received from leasing properties to franchisees and others. In 2001, rent revenue accounted for 0.2% of our total revenues.

Cost of sales; labor; operating; and occupancy. Cost of sales is composed of food and beverage expenses. The components of cost of sales are variable and increase with sales volume. Labor costs include direct hourly and management wages, bonuses, taxes and benefits for restaurant team members. Operating and occupancy costs include restaurant supplies, marketing costs, fixed rent, percentage rent, common area maintenance charges, utilities, real estate taxes, repairs and maintenance and other related costs. Operating and occupancy costs generally increase with sales volume but decline as a percentage of restaurant sales.

Depreciation and amortization. Depreciation and amortization principally includes depreciation on capital expenditures for restaurants. Pre-opening costs, which are expensed as incurred, consist of the costs of hiring and training the initial work force, travel, the cost of food and beverages used in training, marketing costs and other direct costs related to the opening of a new restaurant.

General and administrative. General and administrative costs include all corporate and administrative functions that support existing operations and provide infrastructure to facilitate our future growth. Components of this category include management, supervisory and staff salaries, bonuses and related employee benefits, travel, information systems, training, corporate rent, professional and consulting fees and marketing costs.

Franchise development. Franchise development costs include corporate and administrative costs that support franchise operations, including menu development, site selection and prototype plans for new restaurants, marketing services and analysis, franchise team member training, equipment and food purchasing and franchise bad debts. These costs also include ongoing franchise site visits, meetings and conferences, financial studies and analysis and other operational assistance as necessary.

Comparable restaurant sales. In calculating company-owned comparable restaurant sales, restaurants become comparable in the first period following the first full fiscal year of operations. As of March 24, 2002, we had 70 company-owned restaurants that met this criteria.

Results of operations

Our operating results for 1999, 2000 and 2001 are expressed as a percentage of total revenues below, except for the components of restaurant operating costs, which are expressed as a percentage of restaurant sales:

	Fiscal Year Ended		
	1999	2000	2001
Revenue:			
Restaurant	93.4%	95.4%	95.8%
Franchise royalties and fees	6.3	4.3	4.0
Rent revenue	0.3	0.3	0.2
Total revenues	100.0	100.0	100.0
Costs and expenses:			
Restaurant operating costs:			
Cost of sales	24.8	24.4	23.7
Labor	35.8	35.8	34.8
Operating	16.0	15.5	15.4
Occupancy	6.6	6.4	6.9
Restaurant closures and impairment	(0.3)	0.7	—
Total restaurant operating costs	82.9	82.8	80.8
Depreciation and amortization	4.1	4.3	4.7
General and administrative	10.3	9.0	7.5
Franchise development	1.9	1.8	1.6
Pre-opening costs	0.6	1.3	0.4
Income from operations	5.5	4.7	8.3
Other (income) expense:			
Interest expense	3.2	3.4	3.5
Interest income	(0.1)	(0.4)	(0.3)
Other expense	0.3	0.1	0.1
Total other expense	3.4	3.1	3.2
Income before income taxes	2.1	1.5	5.1
(Provision) benefit for income taxes	1.2	6.6	(1.7)
Net income	3.4%	8.2%	3.4%

2001 (52 Weeks) compared to 2000 (53 Weeks)

Total revenues. Total revenues increased by $35.3 million, or 18.7%, to $224.5 million in 2001 from $189.2 million in 2000 due to a $34.6 million increase in restaurant sales and a $765,000 increase in franchise and other revenues. The increase in restaurant sales was due to $17.6 million in additional sales from a full year of operations for the 15 restaurants that opened in 2000, $15.7 million in restaurant sales from a full year of operations for the 13 remaining restaurants we acquired from The Snyder Group Company in 2000 and operated all of 2001, $6.7 million in sales derived from the six restaurants opened in 2001 and $2.5 million from comparable company-owned restaurant sales increases of 2.0%. This increase in restaurant sales was offset by two restaurant closures in 2001 and two restaurant closures in 2000 that contributed an additional $3.7 million more in revenue in 2000 than in 2001. The increase in restaurant sales was also offset by the impact of one additional week of sales in 2000 that contributed $4.3 million of revenue in 2000. The increase in comparable company-owned restaurant sales was driven primarily by an increase in the average guest check of approximately 2.3% compared to 2000, which was partially offset by a 0.3% decrease in guest counts. Franchise royalties and fees growth was due to 16 new franchise restaurants that opened in 2001 and a full year of operations for the ten franchise restaurants that opened in 2000. Rent revenue did not significantly change in 2001 from 2000.

Cost of sales. Cost of sales increased by $7.0 million, or 15.9%, to $50.9 million in 2001 from $43.9 million in 2000 due primarily to more restaurants being operated in 2001. Cost of sales as a percentage of restaurant sales decreased to 23.7% in 2001 from 24.4% in 2000. This reduction in cost of sales as a percentage of restaurant sales was primarily a result of management initiatives to reduce the cost of food and beverage products and improve margins. The reduction of food and beverage costs was achieved by lowering product cost through favorable price changes, entering into more favorable long-term contracts and decreasing waste in the restaurants.

Labor. Labor expenses increased by $10.3 million, or 15.9%, to $74.9 million in 2001 from $64.6 million in 2000 due primarily to more restaurants being operated in 2001. Labor expenses as a percentage of restaurant sales decreased to 34.8% in 2001 from 35.8% in 2000. The decrease in labor as a percentage of restaurant sales was primarily due to management focus and the use of new tools to reduce excessive staffing levels, particularly at the new restaurants opened in 2000 and 2001. This reduction was achieved despite minimum wage increases in 2001 in Washington and California that increased our average hourly wage.

Operating. Operating expenses increased by $5.2 million, or 18.7%, to $33.2 million in 2001 from $28.0 million in 2000 due primarily to more restaurants being operated in 2001. Operating expenses as a percentage of restaurant sales decreased to 15.4% in 2001 from 15.5% in 2000. Utility expenses were 3.1% of restaurant sales in 2001, 0.8% higher than 2000. Utility expenses were higher all over the country, but especially in Southern California, where electricity was significantly higher during certain periods in 2001 compared to 2000. To offset these uncontrollable increases, we were able to lower service and maintenance costs 0.5% through managing repairs, maintenance and service contracts more closely. We also lowered supply costs.

Occupancy. Occupancy expenses increased by $3.3 million, or 28.4%, to $14.8 million in 2001 from $11.5 in 2000 due primarily to more restaurants being operated in 2001. Occupancy expenses as a percentage of sales increased to 6.9% in 2001 from 6.4% in 2000, primarily from higher occupancy expenses on new restaurants opened in 2001.

Restaurant closures and impairment. Loss on restaurant closures and impairment decreased by $1.3 million to $36,000 in 2001 from $1.3 million in 2000. The loss in 2000 was due to the write down of one under performing restaurant. The loss in 2001 represented residual write down of value related to this restaurant.

Depreciation and amortization. Depreciation and amortization increased $2.4 million, or 30.1%, to $10.5 million in 2001 from $8.1 million in 2000. The increase was primarily due to the additional depreciation on 15 new restaurants opened during 2000, additional depreciation on 13 restaurants acquired in 2000 and operated for a full year in 2001 and six new restaurants opened in 2001.

General and administrative. General and administrative expenses decreased by $271,000, or 1.6%, to $16.8 million in 2001 from $17.1 million in 2000. General and administrative expenses as a percentage of total revenues decreased to 7.5% in 2001 from 9.0% in 2000. These decreases were primarily a result of our ability to capitalize on our infrastructure. In addition, we had lower costs due to a reduction of the number of managers in training from 2000.

Franchise development. Franchise development expenses increased $318,000 to $3.7 million in 2001 from $3.4 million in 2000 but decreased as a percentage of total revenues to 1.6% in 2001 from 1.8% in 2000. The increase in franchise development expenses was due to franchisees opening 16 new restaurants in 2001 compared to opening ten restaurants in 2000.

Pre-opening costs. Pre-opening costs decreased by $1.6 million to $921,000 in 2001 from $2.5 million in 2000. The decrease was due to opening six new restaurants in 2001 compared to opening 15 restaurants in 2000. Pre-opening costs per restaurant decreased to $154,000 in 2001 from $167,000 in 2000. This decrease was primarily due to opening restaurants in established markets, thereby incurring lower travel costs for trainers.

Interest expense. Interest expense increased by $1.4 million, or 21.1%, to $7.9 million in 2001 from $6.5 million in 2000. The increase was primarily a result of new debt issued to GE Capital Corporation in 2001 for restaurants built in both 2001 and 2000, as well as higher interest rates under our credit facility with Finova Capital Corporation beginning in September 2000.

Interest income. Interest income increased by $4,000 to $746,000 in 2001 from $742,000 in 2000. Interest income as a percentage of total revenues was 0.3% in 2001 and 0.4% in 2000.

Other expense. Other expense, which principally includes holding costs associated with real estate held for sale, did not significantly change in 2001 from 2000. Other expense as a percentage of total revenues was 0.1% in both 2001 and 2000.

Income before income taxes. Income before income taxes increased $8.6 million, or 298.3%, to $11.4 million in 2001 from $2.9 million in 2000 due to increased sales and proportionately lower operating and general and administrative costs.

(Provision) benefit for income taxes. Income tax expense in fiscal year 2001 was 32.5% of income before taxes. In 2000, we realized a significant tax benefit due to the reversal of $13.1 million of valuation allowances previously provided against deferred tax assets. These valuation allowances were recorded in prior years when we were not profitable. Upon returning to profitability, we reversed these valuation allowances. This resulted in a tax benefit of $12.6 million in 2000 compared to a tax expense of $3.7 million in 2001.

Net income. Net income decreased by $7.7 million, or 50.0%, to $7.7 million in 2001 from $15.4 million in 2000. Net income as a percentage of total revenues decreased to 3.4% in 2001 from 8.2% in 2000. The decrease was due primarily to the income tax benefit of $12.6 million in 2000 and the income tax expense of $3.7 million in 2001. This tax effect was offset by an increase in income before income taxes of $8.6 million.

2000 (53 Weeks) compared to 1999 (52 Weeks)

Total revenues. Total revenues increased by $59.2 million, or 45.5%, to $189.2 million in 2000 from $130.0 million in 1999. The increase was due almost entirely to the increase in restaurant sales of $59.0 million. The increase in restaurant sales was due to $27.7 million in additional restaurant sales from the 14 restaurants we acquired from The Snyder Group Company in 2000, $16.5 million in sales from 15 restaurants that opened in 2000, $4.3 million from the impact of an additional operating week in 2000, $5.7 million of additional sales from four restaurants opened in 1999 and $7.5 million from comparable company-owned restaurant sales increases of 6.9%. This increase in restaurant revenue was offset by two restaurant closures in 2000 and two restaurant closures in 1999 that contributed $2.7 million more in 1999 than in 2000. The increase in comparable company-owned restaurant sales was driven by an increase in guest counts of approximately 4.8% and an increase in the average guest check of approximately 2.1% compared to 1999. Franchise royalties and fees were unchanged in 2000 from 1999. Rent revenue increased $177,000 to $510,000 in 2000 from $333,000 in 1999. We entered into two new leases of properties to franchisees in 1999. Those leases were in effect for all of 2000, but only seven months of 1999, which accounted for the increase.

Cost of sales. Cost of sales increased by $13.8 million, or 45.7%, to $43.9 million in 2000 from $30.2 million in 1999 due primarily to more restaurants being operated in 2000. Cost of sales as a percentage of restaurant sales decreased to 24.4% in 2000 from 24.8% in 1999. This reduction was primarily a result of management initiatives to reduce the cost of food and beverage products and improve margins.

Labor. Labor expenses increased by $21.1 million, or 48.4%, to $64.6 million in 2000 from $43.5 million in 1999 due primarily to more restaurants being operated in 2000. Labor expenses as a percentage of restaurant sales was unchanged at 35.8% in 2000 and 1999. Labor remained unchanged as a percentage of restaurant sales despite large increases in the minimum wage in Washington and Oregon. We made improvements in managing labor costs, which offset the minimum wage increase.

Operating. Operating expenses increased by $8.5 million, or 43.9%, to $28.0 million in 2000 from $19.4 million in 1999 due primarily to more restaurants being operated in 2000. Operating expenses as a percentage of restaurant sales decreased to 15.5% in 2000 from 16.0% in 1999. The decrease was due primarily to better control of services and maintenance costs at the restaurants.

Occupancy. Occupancy expenses increased by $3.5 million, or 44.0%, to $11.5 million in 2000 from $8.0 million in 1999 due primarily to more restaurants being operated in 2000. Occupancy expenses as a percentage of restaurant sales decreased to 6.4% in 2000 from 6.6% in 1999. Occupancy expenses were slightly lower as a percentage of restaurant sales due primarily to additional sales from the extra week in 2000, with no related increase in base rent.

Restaurant closures and impairment. Loss on restaurant closures and impairments increased by $1.6 million to $1.3 million in 2000 from a gain of $330,000 in 1999. The increase was due to the write down of one under performing restaurant in 2000, while we had a change in the estimate of restaurant closure costs in 1999.

Depreciation and amortization. Depreciation and amortization increased $2.7 million, or 49.5%, to $8.1 million in 2000 from $5.4 million in 1999. The increase was due to the depreciation on 15 new restaurants opened during 2000, the depreciation on the 14 restaurants acquired in 2000, and the additional depreciation on the four new restaurants opened in 1999 and operated for a full year in 2000.

General and administrative. General and administrative expenses increased by $3.7 million, or 27.4%, to $17.1 million in 2000 from $13.4 million in 1999. This increase was due to costs incurred to support 15 restaurants opened in 2000 and the acquisition of 14 restaurants in 2000. General and administrative expenses as a percentage of total revenues decreased to 9.0% in 2000 from 10.3% in 1999. The decrease was primarily a result of our ability to capitalize on our infrastructure.

Franchise development. Franchise development expenses increased $878,000 to $3.4 million in 2000 from $2.5 million in 1999, but decreased as a percentage of total revenues to 1.8% in 2000 from 1.9% in 1999. The increase in franchise development expenses was partially due to adding team members and designating selected managers on a full time basis to assist our franchisees in improving their results. In 2000, we also wrote off almost $600,000 more of bad debt expense of royalties and rent than in 1999 due to one franchisee, who became insolvent.

Pre-opening costs. Pre-opening costs increased by $1.7 million to $2.5 million in 2000 from $771,000 in 1999. The increase was due to opening 15 new restaurants in 2000 compared to opening four restaurants in 1999. Pre-opening costs per restaurant opening decreased to $167,000 in 2000 from $192,500 in 1999. In 1999, we opened our first new restaurant since 1996. In 2000, we implemented cost controlling efforts based on our experience in 1999.

Interest expense. Interest expense increased by $2.3 million, or 56.0%, to $6.5 million in 2000 from $4.2 million in 1999. The increase was primarily a result of new debt issued in 2000 for 15 new restaurants built, and a full year of interest on debt issued to build four new restaurants in 1999.

Interest income. Interest income increased by $556,000 in 2000 to $742,000 of income in 2000 from $186,000 in 1999. Interest income as a percentage of total revenues was 0.4% in 2000 and 0.1% in 1999. The increase in income was due to an increase in interest income of $556,000 due to earnings from the cash infused by Quad-C's equity investment through its affiliates.

Other expense. Other expense, which principally includes holding costs associated with real estate held for sale, decreased by $200,000 in 2000 to $191,000 from $391,000 in 1999. Other expense as a percentage of total revenues decreased to 0.1% in 2000 from 0.3% in 1999.

Income before income taxes. Income before income taxes increased $90,000, or 3.2%, to $2.9 million in 2000 from $2.8 million in 1999. Increased restaurant sales and proportionately lower operating and general and administrative expenses in 2000 were offset by higher pre-opening costs from more new restaurant openings than in 1999.

(Provision) benefit for income taxes. We recognized a benefit for income tax of $12.6 million in 2000 and $1.6 million in 1999, despite having earned income before income taxes. These benefits differed from the amount of income tax expense that would be expected by applying statutory tax rates because of the reversal of previously recorded valuation allowances related to our deferred income tax assets. These valuation allowances were recorded in prior years when we were not profitable. Upon returning to profitability, we reversed these valuation allowances. The reversals totalled $13.1 million in 2000 and $2.3 million in 1999.

Net income. Net income increased by $11.1 million, or 252.3%, to $15.4 million in 2000 from $4.4 million in 1999. Net income as a percentage of total revenues increased to 8.2% in 2000 from 3.4% in 1999. The increase was primarily due to the increased income tax benefit received in 2000 as a result of the reduction in the previously provided deferred income tax asset valuation allowance.

Potential fluctuations in quarterly results and seasonality

Our quarterly operating results may fluctuate significantly as a result of a variety of factors, including:

- the timing of new restaurant openings and related expenses;
- restaurant operating costs and pre-opening costs for our newly-opened restaurants, which are often materially greater during the first several months of operation than thereafter;
- labor availability and costs for hourly and management personnel;
- profitability of our restaurants, especially in new markets;
- franchise development costs;
- increases and decreases in comparable restaurant sales;
- impairment of long-lived assets, including goodwill, and any loss on restaurant closures;
- general economic conditions;
- changes in consumer preferences and competitive conditions; and
- fluctuations in commodity prices.

Our business is also subject to seasonal fluctuations. Historically, sales in most of our restaurants have been higher during the summer months and winter holiday season. As a result, our quarterly and annual operating results and comparable restaurant sales may fluctuate significantly as a result of seasonality and the factors discussed above. Accordingly, results for any one quarter are not necessarily indicative of results to be expected for any other quarter or for any year and comparable restaurant sales for any particular future period may decrease. In the future, operating results may fall below the expectations of securities analysts and investors. In that event, the price of our common stock would likely decrease.

Liquidity and capital resources

Our primary liquidity and capital requirements have been for new restaurant construction, working capital and general corporate needs. Prior to May 2000, our main sources of liquidity and capital were cash flows from operations and borrowings under three lines of credit with Shinsei Bank, Ltd., Dai-Ichi Kangyo Bank, and Fiji Bank, Ltd. In May 2000, Quad-C, through its affiliates, made a $25.0 million equity investment in our company, which we used to pay down part of the lines of credit. At that same time, we issued $9.2 million in debentures and approximately $1.8 million in promissory notes for the purchase of The Snyder Group Company.

In September 2000, we entered into a $50.0 million term loan with Finova Capital Corporation that allowed us to retire the remaining balances of the three revolving lines of credit described above and to retire the debentures and promissory notes issued in conjunction with our acquisition of The Snyder Group Company. The Finova Capital term loan bears interest at a fixed rate of 9.9% and is paid in equal monthly installments with the final payment due September 1, 2012. The term loan requires that we maintain a minimum debt service coverage ratio, a minimum fixed charge coverage ratio and a maximum leverage ratio. The Finova Capital term loan also contains covenants that, subject to specified exceptions, restrict our ability to incur additional debt, incur liens, engage in mergers or acquisitions, incur contingent liabilities, make dividends or distributions, pay indebtedness for borrowed money, make investments or loans and sell assets, develop new restaurants, change facility sites, sell or transfer assets, amend specified agreements, acquire additional properties, issue capital stock and engage in transactions with affiliates. As of the date of this prospectus, we are in compliance with all financial ratios and covenants. The Finova Capital term loan is secured by a first security priority in substantially all of our assets and a pledge of the common stock of Red Robin International, Inc. We intend to use approximately $ million of the proceeds of this offering to repay the outstanding amounts under this term loan, including a 4.0% pre-payment penalty.

Between December 2000 and April 2000, we entered into real estate and equipment loans with General Electric Capital Corporation. As of December 30, 2001, we had $9.9 million outstanding under the real estate and equipment loans with GE Capital. These loans bear interest at the 30-day commercial paper rate, plus 3.5% and mature between May 1, 2006 and April 1, 2016 and are secured by buildings, equipment and improvements on ten properties. In addition, from time to time, we have entered into real estate and equipment loans with various parties, including Captec Financial Group, with interest rates ranging from 2.1% to 13.4% and having varying maturity dates. As of December 30, 2001, we had $22.9 million outstanding under these real estate and equipment loans with various parties, including Captec. The GE Capital loans, together with certain of our other loans, require that we maintain a maximum debt to net worth ratio, a minimum debt coverage ratio, a minimum EDITDA ratio and a maximum funded indebtedness ratio. As of the date of this prospectus, we are in compliance with all of these financial ratios. We intend to use approximately $ million of the proceeds of this offering to repay the outstanding amounts under one real estate loan with Captec, two equipment loans with Captec and one equipment loan with GE Capital, including related fees.

In April 2002, we entered into a credit agreement with U.S. Bank National Association for a revolving credit facility of up to $10.0 million to fund short-term capital needs for the construction and acquisition of new restaurants and for general corporate purposes, including working capital. Amounts up to the maximum may be borrowed and repaid through March 31, 2003, when all outstanding principal will be due. Loans outstanding under the U.S. Bank credit agreement bear interest at LIBOR plus 3.0%, payable monthly, in arrears. Within 30 days following the consummation of this offering, we are required to reduce the outstanding balance on this loan to zero for a period of 60 days. Following the end of this 60-day period, we will be able to borrow and repay amounts up to the maximum through March 31, 2003. Collateral for the U.S. Bank credit agreement is a first lien on personal tangible and intangible property at 14 of our restaurant sites, including a fee interest in three properties to be developed in 2002. The U.S. Bank credit agreement requires that we maintain a maximum cash flow leverage ratio and a minimum fixed charge coverage ratio as well as a minimum tangible net worth requirement and a liquidity requirement. This credit agreement also contains covenants that, subject to specified exceptions, restrict our ability to incur debt, create various liens, engage in mergers or acquisitions, sell assets, and enter into non-subordinated debt. As of the date of this prospectus, we are in compliance with all of these financial ratios and covenants. We intend to use approximately $ million of the proceeds of this offering to repay the outstanding amounts under this revolving credit facility.

Net cash provided by operating activities was $25.5 million in 2001 and $8.1 million in 2000. The approximate $17.4 million increase from 2000 to 2001 was primarily a result of improved restaurant operating profits obtained while holding corporate overhead costs steady. Furthermore, we experienced a reduction in accounts and income taxes receivable, an increase in trade payables and accrued liabilities, and lower non-cash adjustments to net income in 2001 that also led to increased cash flows in 2001.

Net cash used by investing activities was $16.4 million in 2001 and $20.9 million in 2000, and primarily related to capital expenditures for new restaurant openings, remodels of existing restaurants and the acquisition of The Snyder Group Company. In 2001, we opened six new restaurants for a total cost of $9.0 million, spent approximately $4.5 million on remodels and capital maintenance, paid $1.6 million for new 2000 restaurant construction and spent $3.7 million on restaurants that will open in 2002. In 2000, we opened 15 new restaurants at a cost of approximately $16.0 million and spent approximately $4.0 million on remodels and capital maintenance. We also paid $12.5 million for the purchase of The Snyder Group Company in 2000. During the first quarter of 2002, we spent $10.3 million for the acquisition of Western Franchise Development, Inc. and the assets of three restaurants from Le Carnassier LLC, and $2.2 million for new restaurant construction, remodels and capital maintenance. Throughout the remainder of 2002, we expect to spend approximately $13.0 to $14.0 million for ten new restaurants and one restaurant relocation and approximately $3.0 to $4.0 million for restaurant remodels and capital maintenance.

Net cash provided by financing activities was $1.5 million in 2001 and $15.9 million in 2000. Net financing activities in 2001 consisted primarily of new borrowings from GE Capital offset by principal payments on long-term debt and capital leases. Net financing activities in 2000 were the result of the equity investment by affiliates of Quad-C of $25.0 million for 12,500,000 shares of our common stock, net of offering costs of $1.3 million, offset primarily by the retirement of the debentures and promissory notes issued in conjunction with The Snyder Group Company acquisition, and debt issuance costs for the term loan with Finova Capital. As a condition of the Quad-C transaction, we converted $4.5 million in debt owed to an affiliate of Skylark Co., Ltd. into 2,250,000 shares of our common stock.

We believe that the net proceeds of this offering, together with anticipated cash flows from operations and funds available from our revolving credit facility, will be sufficient to satisfy our working capital and capital expenditure requirements, including restaurant construction, pre-opening costs and potential initial operating losses related to new restaurant openings, for at least the next 12 months. Beyond the next 12 months, additional financing may be needed to fund working capital and capital expenditures. We are currently in discussions with lenders to enter into a new credit facility contingent upon the consummation of this offering. Changes in our operating plans, acceleration of our expansion plans, lower than anticipated sales, increased expenses or other events, including those described in “Risk Factors,” may cause us to need to seek additional debt or equity financing on an accelerated basis. Financing may not be available on acceptable terms, or at all, and our failure to raise capital when needed could negatively impact our growth plans and our financial condition and results of operations. Additional equity financing may be dilutive to the holders of our common stock and debt financing, if available, may involve significant cash payment obligations and covenants and/or financial ratios that restrict our ability to operate our business.

Quantitative and qualitative disclosures about market risk

Our market risk exposures are related to our cash, cash equivalents and investments. We invest our excess cash in highly liquid short-term investments with maturities of less than one year. We anticipate using our net proceeds from this offering, after repayment of our debt obligations described in “Use of Proceeds,” in similar investment grade and highly liquid investments. These investments are not held for trading or other speculative purposes. Changes in interest rates affect the investment income we earn on our investments and, therefore, impact our cash flows and results of operations.

Under our secured term loans with GE Capital and revolving credit facility with U.S. Bank, we are exposed to market risk from changes in interest rates on borrowing, which bear interest at the 30-day commercial paper rate plus a fixed percentage of 3.0% to 3.5% under our loans with GE Capital and LIBOR plus a fixed percentage of 3.0% under our revolving credit facility with U.S. Bank. We have not made any borrowings under our U.S. Bank revolving credit facility. At the end of 2001, we had $12.1 million of variable rate borrowings under our loans with GE Capital and a 1.0% change in the 30-day commercial paper rate would have resulted in interest expense fluctuating approximately $121,000. At the end of 2000, we had $7.6 million of variable rate borrowings

under our loans with GE Capital and a 1.0% change in the 30-day commercial paper rate would have resulted in interest expense fluctuating approximately $76,000. Primarily all of our transactions are conducted, and our accounts are denominated, in United States dollars. Accordingly, we are not exposed to foreign currency risk.

Many of the food products purchased by us are affected by changes in weather, production, availability, seasonality and other factors outside our control. In an effort to control some of this risk, we have entered into some fixed price purchase commitments with terms of no more than a year. In addition, we believe that almost all of our food and supplies are available from several sources, which helps to control food commodity risks.

Inflation

The primary inflationary factors affecting our operations are food and labor costs. A large number of our restaurant personnel are paid at rates based on the applicable minimum wage, and increases in the minimum wage directly affect our labor costs. Many of our leases require us to pay taxes, maintenance, repairs, insurance and utilities, all of which are generally subject to inflationary increases. We believe inflation has not had a material impact on our results of operations in recent years.

Recent accounting developments

On January 1, 2001, we adopted Statement of Financial Accounting Standards No. 133, “Accounting for Derivative Instruments and Hedging Activities,” or SFAS No. 133. SFAS No. 133 requires derivative instruments to be recorded in the balance sheet at their fair value with changes in fair value being recognized in earnings unless specific hedge accounting criteria are met. Our adoption of SFAS No. 133 in 2001 did not have a material impact on our consolidated financial statements.

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141, “Business Combinations,” or SFAS No. 141. SFAS No. 141 requires the purchase method of accounting for business combinations initiated after June 30, 2001, eliminates the pooling-of-interests method and modifies the criteria for recognition of intangible assets. We have adopted SFAS No. 141 effective in 2002. Such adoption will result in the reclassification of the carrying amount of workforce assets totaling approximately $1.2 million to goodwill.

Beginning in 2002, we are subject to Statement of Financial Accounting Standards No. 142, “Goodwill and Other Intangible Assets,” or SFAS No. 142. Under the provisions of SFAS No. 142, goodwill and certain intangibles are no longer subject to amortization over their estimated useful life. Instead, impairment is assessed on an annual basis (or more frequently if circumstances indicate a possible impairment) by means of a fair-value-based test. In 2001, we had approximately $1.7 million in amortization related to goodwill and certain intangibles. Beginning in 2002, these assets will no longer be amortized. We have not assessed the impact of the initial impairment analysis on our consolidated financial statements.

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” or SFAS No. 144. SFAS No. 144 provides new guidance on the recognition of impairment losses on long-lived assets to be held and used or to be disposed of and also broadens the definition of what constitutes a discontinued operation and how the results of a discontinued operation are to be measured and presented. SFAS No. 144 is effective beginning in 2002, but is not expected to have a material impact on our consolidated financial statements.

BUSINESS

Overview

We are a leading casual dining restaurant chain focused on serving an imaginative selection of high quality gourmet burgers in a family-friendly atmosphere. As of March 24, 2002, we owned and operated 87 restaurants in 12 states, and had 97 additional restaurants operating under franchise or license agreements in 19 states and Canada.

Our menu is centered around our signature product, the gourmet burger, which we make from beef, chicken, veggie, fish, turkey and pot roast and serve in a variety of recipes. We offer a wide selection of toppings for our gourmet burgers, including fresh guacamole, roasted green chilies, honey mustard dressing, grilled pineapple, crispy onion straws, sautéed mushrooms and a choice of six different cheeses. In addition to our gourmet burgers, which accounted for approximately 44.0% of our total food sales in 2001, we also serve an array of other food items that are designed to appeal to a broad group of guests, including salads, soups, appetizers, other entrees such as rice bowls and pasta, desserts and our signature Mad Mixology® alcoholic and non-alcoholic specialty beverages.

Our restaurants are designed to create a fun and memorable dining experience in a family-friendly atmosphere and provide our guests with an exceptional dining value. Our concept attracts a broad guest base by appealing to the entire family, particularly women, teens, tweens and children. Our mascot "Red" appeals to toddlers, and our carousel horses, televisions in the floors, three dimensional art and humorous posters appeal to children of all ages. We believe that our quick meal preparation, upbeat, popular music and enthusiastic team members enable us to achieve high sales productivity and create a sense of activity and excitement. All of our menu items are designed to be delivered to guests in a time-efficient manner, and we have a per person average check of approximately $10.00, which includes alcoholic beverages.

To increase guest traffic, we locate our restaurants near high activity areas such as retail centers, big box shopping centers and entertainment centers. Women, teens and tweens are extremely attractive consumers to real estate developers in these types of locations as they often strive to attract a similar consumer base to ours. We believe that these individuals are the primary visitors to the high activity areas where our restaurants are located and are predominantly responsible for family dining decisions. Recent data from independent sources indicates that we have 40.0% more guests in the highly desirable under 18 consumer segment than major casual dining bar and grill chains, and that we have more guests under 18 than major fast food burger competitors. We believe our unique guest demographic mix provides us with a major competitive advantage over other casual dining chains and fast food restaurants, enhancing our ability to enter into real estate locations favorable to us.

We believe that the appeal of our imaginative, high quality product offering, our fun, family-friendly atmosphere, and our ability to operate in a wide variety of real estate formats and geographic locations have created an attractive restaurant model, providing us with significant opportunities for continued growth through both new company-owned and franchised restaurants.

History

Our history

In 1969, we opened our first restaurant in Seattle, Washington near the University of Washington campus. In 1979, Mike Snyder and his brother, Steve Snyder, opened our first franchised Red Robin restaurant in Yakima, Washington.

In 1985, Skylark Co., Ltd., a large publicly-traded restaurant company based in Japan, purchased a majority interest in our company. At that time, we had seven company-owned restaurants and 15 franchised restaurants. Following Skylark's investment, we expanded aggressively but were unable to establish a focused and consistent

concept or profitable operating results at our restaurants. As a result, we experienced slower sales growth than our franchised restaurants. In an attempt to improve our operating results, we implemented several changes in management but were unable to find a successful management team. By 1995, average restaurant sales at company-owned restaurants were 22.6% below our United States franchisees' average restaurant sales. Despite the problems we were experiencing, our leading franchisee at the time, The Snyder Group Company, led by Mike Snyder, continued to expand profitably by staying focused on our core menu of gourmet burgers and emphasizing superior guest service, dining experience and profitability.

In 1996, Skylark named Mike Snyder to the position of president, and granted him a minority ownership interest in our company. Under his leadership, we implemented a number of turnaround initiatives, including strengthening our gourmet burger concept, recruiting a new management team, upgrading management information systems, streamlining in-restaurant operations, improving guest service and closing ten under performing restaurants. As a result of these and other initiatives, we increased the average annual restaurant sales of our comparable company-owned restaurants from $2.1 million in 1995 to $3.0 million in 2001 and expanded restaurant-level operating profit margins from 13.0% in 1995 to 19.2% in 2001.

In 2000, we completed a recapitalization of our company to position our company for future growth. We acquired Mike Snyder's 14-unit franchise company, The Snyder Group Company, in exchange for equity, cash and notes. In addition, Quad-C, a private equity firm whose principals have substantial experience in the restaurant industry, made an equity investment of $25.0 million in our company through its affiliates. As a result of these two transactions, Quad-C became our largest stockholder and Mike Snyder acquired a significant equity interest in our company.

Our corporate history

Red Robin Gourmet Burgers, Inc. was founded in September 1969. From September 1969 until December 1983, Red Robin operated as Red Robin Enterprises, Inc., a Washington corporation, and from December 1983 until June 1990, Red Robin operated as Red Robin International, Inc., a Washington corporation. In June 1990, Red Robin reincorporated in Nevada as Red Robin International, Inc., a Nevada corporation. In January 2001, our management formed Red Robin Gourmet Burgers, Inc., a Delaware corporation, to facilitate a reorganization of the company. The reorganization was consummated in August 2001, and since that time, Red Robin Gourmet Burgers, Inc. has owned all of the outstanding capital stock of Red Robin International, Inc. Our business is operated primarily through Red Robin International, Inc.

Concept and business strategy

Our objective is to be the leading gourmet burger and casual dining restaurant destination. To achieve our objective, we have developed the following strategies.

- *Focus on key guiding principals, or "cornerstones," that drive our success.* In managing our operations, we focus on four cornerstones that we believe are essential to our business. Our four cornerstones are:

  — *Values*. To enhance the dining experience of our guests, we strive to maintain our core values-honor, integrity, seeking knowledge and having fun.

  — *People*. We recognize that our team members are our strongest asset. We seek to hire high quality team members and provide them with comprehensive training programs to ensure that we deliver superior service to our guests.

  — *Burgers*. We strive to be the number one casual dining destination for gourmet burgers in the markets in which we operate.

  — *Time*. We believe in giving our guests the "gift of time." Our service sequence is designed to consistently deliver every menu item in less than nine minutes, which allows guests to enjoy time-efficient lunches and dinners. We strive to provide guests with a 37-minute dining experience at lunch and 42 minutes at dinner.

- *Offer high quality, imaginative menu items.* Our restaurants feature menu items that use imaginative toppings and showcase recipes that capture tastes and flavors that our guests do not typically associate with burgers, salads and sandwiches. We believe the success of our concept is due to our ability to interpret the latest food trends and incorporate them into our gourmet burgers, pastas, rice bowls, appetizers, salads, sandwiches and beverages. Our menu items are cooked to order, using high-quality, fresh ingredients and premium meats and based on unique recipes. One of our signature menu items is our Royal Red Robin Burger, which features a gourmet burger topped with a fried egg, along with bacon, cheese, lettuce, tomato and mayonnaise. We offer a wide selection of toppings for our gourmet burgers, including fresh guacamole, roasted green chilies, honey mustard dressing, grilled pineapple, crispy onion straws, sautéed mushrooms and a choice of six different cheeses. We serve all of our gourmet burgers and sandwiches with "bottomless" french fries.

- *Create a fun, festive and memorable dining experience.* We promote an exciting, high-energy and family-friendly atmosphere by decorating our restaurant interiors with an eclectic selection of celebrity posters, three-dimensional artwork, carousel horses and statues of our mascot "Red." We enhance the excitement and energy levels in our restaurants by placing televisions in our main dining areas, in our floors and in our bathrooms and by playing upbeat, popular music throughout the day.

- *Provide an exceptional dining value with broad consumer appeal.* We offer generous portions of high quality, imaginative food and beverages for a per person average check of approximately $10.00, which includes alcoholic beverages. We believe this price-to-value relationship differentiates us from our competitors, many of whom have significantly higher average guest checks, and allows us to appeal to a broad base of consumers with a wide range of income levels. In addition to attracting families and groups, our restaurant features seating in the bar area, which is often used by our single diners. Our restaurants are popular during both the day and evening hours as evidenced by our almost equal split between lunch and dinner sales. We believe that our diverse menu further enhances our broad appeal by accommodating groups with different tastes.

- *Deliver strong unit economics.* We believe our company-owned restaurants provide strong unit-level economics. In 2001, our comparable company-owned restaurants generated average sales of approximately $3.0 million and restaurant-level operating profit of approximately $618,000, or 20.5% of total comparable company-owned restaurant sales. The average cash investment cost for our free-standing restaurants opened in 2001 was approximately $1.7 million, excluding pre-opening costs, which averaged approximately $146,000 per restaurant.

- *Pursue disciplined restaurant and franchise growth.* We are pursuing a disciplined growth strategy, including both company-owned and franchised development. In 2001, we opened six company-owned restaurants and our franchisees opened 16 restaurants and expanded into two new states. In 2002, we expect to open ten new company-owned restaurants and relocate one restaurant, and we expect our franchisees to open seven new restaurants. We intend to continue to expand by opening new company-owned and franchised restaurants at a comparable pace in future years. Our site selection criteria focuses on identifying markets, trade areas and other specific sites that are likely to yield the greatest density of desirable demographics, heavy retail traffic and a highly visible site.

- *Build awareness of the Red Robin® America's Gourmet Burgers & Spirits® brand.* We believe that the Red Robin name has achieved substantial brand equity among our guests and has become well known within our markets for our signature menu items. We intend to strengthen this brand loyalty by continuing to offer new menu items and deliver a consistently memorable guest experience. Additionally, we believe that Red Robin is recognized for the family-friendly, high-energy and exciting atmosphere our restaurants offer. Key brand attributes that we continue to build upon are our high-quality imaginative food items, commitment to guest service and a strong price-to-value relationship.

- *Continue to capitalize on favorable lifestyle and demographic trends.* We believe that we have benefited from several key lifestyle and demographic trends that have helped drive our business. These trends include:

  — *Increase in consumption of food away from home.* The National Restaurant Association estimates that the restaurant industry captured 45.3% of all consumer dollars spent on food in 2000 and projects the restaurant industry's share to increase to 53.0% by 2010. Given our attractive average guest check, family-friendly atmosphere and fun, festive and memorable dining experience, we believe we are well-positioned to continue to benefit from this expected increase in food consumed away from home.

  — *The large and growing teen population.* According to the United States Census Bureau, the teen segment of the population, persons 12 to 19 years old, is expected to grow 36.6% faster than the overall population from 31.6 million in 2000 to 33.6 million by 2005. Given that our concept attracts a significant number of teens and tweens, we believe we will continue to benefit from the strong growth in this segment of the population.

We believe these and other lifestyle and demographic trends will continue to be favorable to us and offer us strong opportunities for future restaurant expansion.

Growth strategies

We believe that there are significant opportunities to grow our concept and brand on a nationwide basis through both new company-owned and franchised restaurants. We believe that our concept and brand can support as many as 850 additional company-owned or franchised restaurants throughout the United States.

Company-owned restaurants

Our primary source of expansion and growth in the near term will be the addition of new company-owned restaurants. We are pursuing a disciplined growth strategy and intend to develop many of our new restaurants in our existing markets, and selectively enter into new markets. Our growth strategy incorporates a cluster strategy for market penetration, which we believe will enable us to gain operating efficiencies, increase brand awareness and enhance convenience and ease of access for our guests, all of which we believe will lead to significant repeat business. Our site selection criteria for new restaurants is flexible and allows us to adapt to a variety of locations near high activity areas such as retail centers, big box shopping centers and entertainment centers. We plan to open approximately ten new restaurants and relocate one restaurant in 2002, all of which will be located in our existing regional markets including Southern California, Portland, Oregon, Denver, Colorado, Phoenix, Arizona, St. Louis, Missouri, and Washington DC and neighboring Maryland. We have identified the sites and have entered into letters of intent or leases for all of these restaurants. In 2003, we intend to open approximately 16 new restaurants.

Franchised restaurants

The other key aspect of our growth strategy is the continued development of our franchise restaurants. We expect the majority of our new franchise restaurant growth to occur through the development of new restaurants by new franchisees, primarily in the Northeast, Midwest and the South. We intend to continue to strengthen our franchise system by attracting experienced and well-capitalized area developers who are quality-conscious restaurant operators and who possess the expertise and resources to execute the development of new restaurants on a large scale. Similarly, we have chosen not to pursue relationships with franchisees that would involve only a limited number of restaurants in a limited territory, because we believe that this would consume too much of our time and attention for the return we would expect to achieve. Our contracts with our franchisees currently provide for the development of seven new restaurants in 2002, 13 new restaurants in 2003 and the development of additional restaurants over a specified period of time.

Unit level economics

In 2001, our comparable company-owned restaurants generated average sales of approximately $3.0 million and restaurant-level operating profit of approximately $618,000, or 20.5% of total comparable company-owned restaurant sales. The average cash investment cost for our free-standing restaurants opened in 2001 was approximately $1.7 million, excluding pre-opening costs, which averaged approximately $146,000 per restaurant.

Currently, our existing restaurants range in size from 3,800 square feet to 10,700 square feet. Our prototype restaurant is typically a free-standing building with approximately 6,400 square feet, approximately 200 seats and a patio. Based on this prototype, we expect that in the future our total cash investment per restaurant will average approximately $1.8 million, excluding pre-opening costs, which are estimated to be approximately $170,000 per restaurant.

Expansion strategy and site selection

Our restaurant expansion strategy focuses primarily on further penetrating existing markets with a cluster strategy and selectively entering into new markets. This clustering approach enables us to increase brand awareness and improve our operating efficiencies. For example, clustering enables us to reduce costs associated with regional supervision of restaurant operations. We also believe this approach reduces the risks involved with opening new restaurants given that we better understand the competitive conditions, consumer tastes, demographics and discretionary spending patterns in our existing markets. In addition, our ability to hire qualified team members is enhanced in markets in which we are well-known.

We believe that our site selection strategy is critical to our success and we devote substantial time and effort to evaluating each site. Our site selection criteria focuses on identifying markets, trade areas and other specific sites that are likely to yield the greatest density of desirable demographic characteristics, heavy retail traffic and a highly visible site.

In order to maximize our market penetration potential, we have developed a flexible physical site format that allows us to operate in a range of real estate venues located near high activity areas such as retail centers, big box shopping centers and entertainment centers. Approved sites generally have a population of at least 70,000 people within a three-mile radius and at least 100,000 people within a five-mile radius. Sites generally require a strong daytime and evening population, adequate parking, a visible and easy entrance and exit. Our prototype restaurant is typically a free-standing building with approximately 6,400 square feet, approximately 200 seats and a patio.

In 2001, we hired Todd Brighton, a seasoned real estate professional with 20 years of experience to focus on site selection and future development. Mr. Brighton and his team thoroughly analyze each prospective site before signing a lease or purchase agreement. Prior to committing to a restaurant site, the site is thoroughly evaluated, visited and approved by our senior management team. Our chief executive officer, Mike Snyder, and/or our chief financial officer, Jim McCloskey, personally visit and approve all new sites.

With the exception of the eight sites for which we own the real estate, we operate our restaurants under leases. Our primary site objective is to secure a superior site, with the decision to buy or lease as a secondary objective. We believe that our unique guest demographic mix provides us with a major competitive advantage in securing sites. Our long-standing relationships with several major mall developers and owners and our favorable demographics afford us the opportunity to negotiate additional sites in new malls that they are developing. Our format provides us with a great deal of flexibility in these negotiations, because our concept is suitable for a wide variety of real estate venues.

Current restaurant locations

As of March 24, 2002, we had 87 company-owned restaurants and 97 franchised restaurants in 24 states and two Canadian provinces as shown in the chart below.

	Number of Restaurants		
	Company-owned	Franchised	Total
Alaska	–	3	3
Arizona	1	3	4
California	31	15	46
Colorado	14	–	14
Florida	–	1	1
Idaho	–	3	3
Illinois	–	5	5
Indiana	1	–	1
Maryland	3	–	3
Michigan	–	7	7
Minnesota	–	2	2
Missouri	1	–	1
Montana	–	1	1
Nevada	2	1	3
New Mexico	–	2	2
Ohio	3	3	6
Oregon	10	3	13
Pennsylvania	1	7	8
Tennessee	–	1	1
Texas	–	3	3
Utah	–	4	4
Virginia	4	–	4
Washington	16	11	27
Wisconsin	–	1	1
Total United States	87	76	163
Canada	–	21	21
Total	87	97	184

Menu

Our menu is centered around our signature product, the gourmet burger, that we define as “anything that can go in, on or between two buns.” We make our gourmet burgers from beef, chicken, veggie, fish, turkey and pot roast, and serve them in a variety of recipes. We offer a wide selection of toppings for our gourmet burgers, including fresh guacamole, roasted green chilies, honey mustard dressing, grilled pineapple, crispy onion straws, sautéed mushrooms and a choice of six different cheeses. For example, one of our signature creations, the Banzai Burger, is marinated in teriyaki and topped with grilled pineapple, cheddar cheese, lettuce, tomato and mayonnaise.

In addition to gourmet burgers, which accounted for approximately 44.0% of our total food sales in 2001, we serve an array of other food items that are designed to appeal to a broad group of guests, including a variety of salads, soups, appetizers, other entrees such as rice bowls and pasta and desserts. One of our top selling non-burger items is the Baja Turkey Club, which features turkey, pepper-jack and cheddar cheeses, bacon, roasted green chilies, tomato and roasted pepper mayonnaise on grilled Texas toast. We serve all of our burgers and

sandwiches with "bottomless" french fries. Our guests can also choose from a wide variety of beverages, including smoothies, monster milkshakes, our proprietary Strawberry Ecstasy and our signature Mad Mixology® alcoholic and non-alcoholic specialty beverages like our Freckled Lemonade.

All of our menu items are prepared to order in our restaurants. The food items on our menu range in price from $2.99 to $12.49, with a per person average check of approximately $10.00, including alcoholic beverages. Sales of alcoholic beverages represented approximately 9.5% of total restaurant sales in 2001.

We continuously experiment with food and beverage items and flavor combinations to create selections that are imaginative and exciting to our guests. Ideas for new menu items are generated at the restaurant level as well as through consumer research and franchisees. In 2001, we held our first annual Gourmet Burger Recipe Contest. This contest allowed our guests to submit their favorite burger recipes for a chance to have their recipe become a part of the Red Robin menu. Last year's winner, Lauren's Portobello Burger, is expected to be on the menu in May 2002 and a portion of the sales from this burger will be donated to charity.

Menu items are consistently rotated on and off the menu based on the changing tastes of our guests. Every new recipe idea goes through our test menu development process. The proposed menu item must appeal to a sufficient number of guests and require a preparation time of less than nine minutes to be added to our menu. In addition, the corresponding ingredients must retain or improve the overall menu quality while meeting our gross profit margin targets. All new menu items are then test marketed for eight to 12 weeks in various geographic regions. Our franchisees are given the opportunity to review proposed menu items and offer feedback before the recipes are finalized and added to the menu.

Guest loyalty and experience

Through our unique guest service philosophy, which we describe as "unbridled," we feel we have created a culture that has enabled us to build a strong and loyal guest base. Unbridled acts are common in our company, as our team members have a history of going far beyond the customary level of guest service.

We consider a loyal guest to be someone who visits our restaurants at least two times per month. Our independent research indicates that from 1999 to 2001, the number of visits per month from our loyal guests increased 29.5% from 2.2 times per month to 2.9 times per month and accounted for 72.0% of our restaurant sales in 2001. In 2002, we were proud to be recognized as a gold winner of *Restaurants & Institutions 2002 Choice in Chains Award* for excellence in customer service, food quality and overall dining experience, as voted on by a nationally representative sample of consumers.

We use many industry standard techniques to measure our guests' experiences at our restaurants. These include comment cards, mystery shoppers, internet feedback, market area and in-restaurant consumer research. We also employ several additional techniques at the restaurant level, including a "systems check" performed each week by our general managers to track and measure our guests' experiences. This "systems check" evaluates our speed of service, our food preparation times and our seating utilization for each week. The key measurement criteria evaluated in our "systems check" contribute to our ability to give our guests the "gift of time." We strive to provide guests with a 37-minute dining experience at lunch and 42 minutes at dinner. Our regional operations directors utilize these and other reports to determine which restaurants in their region may need additional support to address any problems or determine which restaurants need additional support.

Marketing and advertising

Our marketing strategy focuses on: 1) driving comparable restaurant sales through attracting new guests and increasing the frequency of visits by current guests; 2) supporting new restaurant openings to achieve their sales and profit goals; and 3) communicating a unique, powerful, and consistent brand. We accomplish these objectives through four major initiatives.

In-restaurant marketing

A significant portion of our marketing funds are spent in communicating with our guests while they are in our restaurants. The core of our strategy revolves around keeping our menu fresh, with innovative "celebrations" or promotions that occur two to three times throughout the year. These promotions typically involve multiple new food and beverage menu items that are presented through posters, table tents, danglers, menus and other printed materials to provide variety and excitement to our guests, which we believe drives frequency of visits.

Local restaurant area marketing

We believe we are a wholesome, values-focused leader in family dining. With our focus on women, teens and tweens, we have a unique opportunity to market our restaurants at a local level. With this positioning, we are able to achieve favored advertising positions within local middle schools and high schools, including tours, mascot visits and advertising, which we believe is a very effective and efficient approach to communicate our brand and drive sales. These events tend to attract families, teens and tweens and illustrate our fun-loving, family-friendly atmosphere.

Advertising

Although our restaurant concept is not media driven, we do spend a limited amount of our marketing dollars in select markets on various media advertising, including billboard, print, radio and television to build brand awareness. Our media advertisements are generally designed to support themed food and beverage celebrations occurring in our restaurants and reflect our fun and festive atmosphere. We also attempt to promote brand awareness in our billboard, print and television advertising by highlighting the distinctive features of our red, black and yellow logo.

New restaurant openings

We use new restaurant openings as opportunities to reach out to the local media. Our openings are often featured on live local radio broadcasts and receive coverage in local newspapers. We employ a variety of marketing techniques in connection with our new restaurant openings, including community "VIP" parties, with invitations to media personalities and community leaders. We also typically tie our openings to a charitable event.

During 2001, we spent an aggregate of 3.2% of restaurant sales on marketing efforts. We expect to continue investing a similar percentage of restaurant sales in marketing efforts in the future, primarily in connection with driving comparable restaurant sales and new restaurant openings.

Operations

Restaurant management

Our restaurant operations are divided into three distinct, self-sufficient geographic regions, which are overseen by a senior regional operations director, each with over 12 years of experience in our restaurants. Each geographic region contains three to four regional operations directors, one to two regional recruiters, a regional training manager and one to two regional kitchen managers. Our regional directors oversee five to eight company-owned restaurants each, which we believe enables them to better support the general managers and achieve sales and cash flow targets for each restaurant within their region. In addition, the regional operations directors invest a portion of their time on franchised operations in their respective regions.

Our typical restaurant management team consists of a general manager, an assistant general manager, a kitchen manager and one to two assistant managers. Most of our restaurants employ approximately 85 hourly team members, many of whom work part-time. The general manager of each restaurant is responsible for the day-to-day operation of that restaurant including hiring, training and development of team members, as well as

operating results. The kitchen manager is responsible for product quality, daily production, shift execution, food costs and kitchen labor costs. Our restaurants are generally open Sunday through Thursday from 11:00 AM until 10:00 PM and on Friday and Saturday from 11:00 AM to 11:00 PM.

Operational tools and programs

We utilize a customized food and beverage analysis program that determines the optimal food and beverage costs for each restaurant and provides additional tools and reports to help us identify opportunities, such as waste management, which we believe affords us lower than industry average food and beverage costs. We also utilize a labor program to determine the optimal staffing needs of each restaurant based on its actual guest flow and demand.

We employ several additional operational tools, for example, each week, every general manager performs a "systems check" which tracks and measures our guests' experiences based upon key criteria. This "systems check" evaluates our speed of service, our food preparation times and our seating utilization for each week. Our regional operations directors utilize these and other reports to determine which restaurants in their region may need additional support to address any problems or to determine which restaurants need additional support.

Training

We strive to maintain quality and consistency in each of our restaurants through the careful training and supervision of team members and the establishment of, and adherence to, high standards relating to personnel performance, food and beverage preparation and maintenance of our restaurants. Each location has eight to ten certified trainers who provide classroom and on-the-job instruction for new team members. All of our trainers participate in an eight hour training seminar on good training skills, which provides them with knowledge and tactics to enable them to be better trainers and coaches. We provide all new team members with complete orientation and one-on-one training for their positions to ensure they are able to meet our high standards. All of our new team members are trained by partnering with a certified designated trainer to assure that the training and information they receive is complete and accurate. Team members are certified for their positions by passing a series of tests.

New restaurant managers are required to complete an eight-week training program that includes service, kitchen and management responsibilities. Newly trained managers are then assigned to their home restaurant where they spend one additional training week with their general manager. We place a high priority on our continuing management development programs in order to ensure that qualified managers are available for our future openings. We conduct semi-annual performance reviews with each manager to discuss prior performance and future performance goals. Once a year we hold a general manager conference in which all of our general managers receive additional training on financial management, food preparation, hospitality and other relevant topics.

When we open a new restaurant, we provide varying levels of training to team members in each position to ensure the smooth and efficient operation of the restaurant from the first day it opens to the public. Prior to opening a new restaurant, our dedicated training and opening team travels to the location to prepare for an intensive seven-day training program for all team members hired for the new restaurant opening. Part of the training teams stay on site during the first week of operation and an additional team of training support arrives for on-site support during the second and third weeks. We believe this additional investment in our new restaurants is important, because it helps us provide our guests with a quality dining experience from day one. We also make on-site training teams available when our franchisees open new restaurants. After a restaurant has been opened and is operating smoothly, the general manager supervises the training of new team members.

Recruiting and retention

We seek to hire experienced general managers and team members. We support our team members by offering competitive wages and benefits, including a 401(k) plan, medical insurance and stock options for general managers. We motivate and prepare our team members by providing them with opportunities for increased responsibilities and advancement, as well as significant performance-based incentives tied to sales, profitability and certain qualitative measures. For example, we provide our general managers with the use of a Jeep Wrangler for two years if they are able to increase restaurant sales in a single restaurant by 15.0% for four consecutive quarters. If this increase is maintained for eight consecutive quarters, we give the manager outright title to the Jeep Wrangler. We also provide various other incentives, including vacations, car allowances and quarterly sales and profit bonuses. Our most successful general managers are eligible for promotion to senior general manager or training general manager status and are entitled to receive more lucrative compensation packages based on various performance criteria. We also provide monetary rewards for general managers who develop future managers for our restaurants.

Restaurant franchise and licensing arrangements

We intend to grow the number of new company-owned restaurants in a measured and disciplined manner. As a result, many areas of the United States are available for potential development by franchisees. As of March 24, 2002, we had 21 franchisees that operated 97 restaurants in 19 states and two Canadian provinces. Of the 21 franchisees, ten have exclusive franchise development arrangements, including one international franchisee. Our two largest franchisees are Red Robin Restaurants of Canada, Ltd., with 21 restaurants throughout Alberta and British Columbia, Canada, and Top Robin Ventures, Inc., with 14 restaurants in Southern California. During 2002, we expect four of our franchisees to open a total of seven restaurants. The success of our current franchisees and the popularity of our concept have created significant interest by potential franchisees. Thus far in 2002, we have added two new franchisees who have agreed to develop ten new restaurants over the next six years. We have also granted a current franchisee a second development territory in exchange for the franchisee's commitment to open five new restaurants in that second territory over the next seven years, and we extended the term of that franchisee's existing development agreement in exchange for the franchisee's agreement to open ten restaurants in the next seven years.

Each franchise arrangement typically consists of an area development agreement and a separate franchise agreement for each restaurant. Our current form of area development agreement grants exclusive rights to a franchisee to develop a minimum number of restaurants in a defined area, typically over a five-year period. Individual franchise agreements relate to the operation of each restaurant opened and typically have a term of 20 years with a renewal option for an additional ten years if certain conditions are satisfied.

Under our current form of area development agreement, we collect a $10,000 development fee for each restaurant the franchisee agrees to develop at the time we enter into the area development agreement. We credit $10,000 from the total development fee against the $35,000 franchise fee for each restaurant opened. Our current form of franchise agreement requires the franchisee to pay a royalty fee equal to 4.0% of adjusted restaurant sales. Adjusted restaurant sales does not include:

- employee discounts or other discounts;
- any federal, state, municipal or other sales, value added or retailer's excise taxes; or
- adjustments for net returns on salable goods and discounts allowed to customers on sales.

Franchisees are required to spend a minimum of 1.5% of adjusted restaurant sales on local advertising or promotional activities and to pay an advertising fee of 0.5% of adjusted restaurant sales to a cooperative advertising fund for marketing studies and the development of commercials or other print and electronic media promotional material. In addition, franchisees are required to pay 0.3% of adjusted restaurant sales to a national advertising and marketing fund for the development of advertising materials and related marketing efforts.

We have the ability under our agreements to increase the required national advertising and marketing fund contribution up to 4.0% of adjusted sales. The royalty fee and advertising and marketing contributions of our franchisees vary depending on when the agreements were executed and the number of restaurants that the franchisee committed to open during the term of the area development agreement.

Franchise compliance assurance

We have instituted a comprehensive system to ensure the selection of quality franchisees and compliance with our systems and standards, both during the development and operating of franchise restaurants.

- *Selection process*. We generally select franchisees that are experienced, well-capitalized, multi-unit restaurant operators or who have demonstrated the ability to raise capital and rapidly grow a multi-unit retail or service organization. During the selection process, we conduct comprehensive background, financial, and reference checks on all candidates. Key department heads will typically meet with each franchisee candidate and often visit their current business operations to assess his or her level of relevant expertise. References are obtained from the candidates as well as through industry sources, such as former suppliers, executives, managers, or other business associates. We will generally not grant development rights for the development of a single restaurant.

- *Development and operations*. After a franchise agreement is signed, we actively work with and monitor our franchisees to ensure successful franchise operations as well as compliance with Red Robin systems and procedures. During the development phase, we assist in the selection of restaurant sites and the development of prototype and building plans, including all required changes by local municipalities and developers. After construction is completed, we review the building for compliance with our standards and provide eight trainers to assist in the opening of the restaurant. We advise the franchisee on menu, management training, and equipment and food purchases. At least once a year, we review all menu items and descriptions to ensure compliance with our requirements and standards. We require all suppliers of ground beef, if different than ours, to pay for and pass an annual inspection performed by third party auditors. Finally, on an ongoing basis, we conduct brand equity reviews on all franchise restaurants to determine their level of effectiveness in executing our concept at a variety of operational levels. Reviews are conducted by seasoned operations teams, last approximately two to three days, and focus on seven key areas including health, safety, brand foundation, and execution proficiency.

To continuously improve our operations, we maintain a franchise marketing advisory council, a franchise business advisory council and a food and beverage council. These councils provide advice to us regarding operations and consist of three franchisee representatives and three members of our senior management. In addition, several times each year we solicit feedback and insights on specific topics from the broad group of franchisees and then get together with them to discuss and share their insights. These gatherings, which we call “headwater meetings,” are an effort to attain a high level of franchisee buy-in and to assure the system is evolving in a positive direction through the exchange of best practices.

Management information systems

All of our restaurants use computerized management information systems, which are designed to improve operating efficiencies, provide corporate management with timely access to financial and marketing data, and reduce restaurant and corporate administrative time and expense. In October 1999, Nation’s Restaurant News and the Food Service Technology Exposition recognized the quality and distinction of our information systems by presenting us with its Team Excellence Award. We believe our management information systems are sophisticated and are sufficient to support our restaurant expansion plans.

With the data provided by our information systems, we can report daily, weekly and period-to-date numbers on an automated daily report that is delivered via e-mail to our restaurants and our field personnel. On a weekly

and a periodic basis, we issue other electronic reports that provide comparative data regarding food, labor and other cost information. Our information systems also enable us to automatically post restaurant level data, such as restaurant sales, cash and credit card receipts and promotion usage into our corporate accounting software. We also use our information systems to capture information regarding our payroll and the status of new and existing team members. Specifically, we use Menulink, a Windows-based product, to perform our bookkeeping, electronic ordering and food cost and management functions. Our Aloha Technologies point-of-sale system facilitates the supply of data to Menulink and also assists with labor scheduling and credit card authorizations. We have developed several in-house products to assist with our information systems. Our Scheduling Team Members and Reporting System, or STaRs, helps our managers schedule the optimal amount of team members at any time. We believe these systems enable both restaurant-level and corporate-level management to adequately supervise the operational and financial performance of our restaurants as necessary to support our planned expansion.

Food preparation, quality control and purchasing

We believe that we have some of the highest food quality standards in the industry. Our systems are designed to protect our food supply throughout the preparation process. We provide detailed specifications to suppliers for our food ingredients, products and supplies. We inspect specific qualified manufacturers and growers. Our purchasing team and restaurant managers are certified in a comprehensive safety and sanitations course by the National Restaurant Association. Minimum cook temperature requirements and twice-a-day line checks ensure the safety and quality of both burgers and other items we use in our restaurants.

We rely on SYSCO Corporation, a national food distributor, as the primary supplier of our food. To maximize our purchasing efficiencies and obtain the lowest possible prices for our ingredients, products, and supplies, while maintaining the highest quality, our centralized purchasing team generally negotiates all prices in one of two formats: 1) fixed price contracts with terms of between one month and one year or 2) monthly commodity pricing formulas. In order to provide the freshest ingredients and products, and to maximize operating efficiencies between purchase and usage, each restaurant's kitchen manager determines its daily usage requirements for food ingredients, products, and supplies. The kitchen manager orders accordingly from approved local suppliers and our national master distributor and all deliveries are inspected to ensure that the items received meet our quality specifications and negotiated prices. We believe that competitively priced, high quality alternative manufacturers, suppliers, growers and distributors are available should the need arise.

Team members

As of March 24, 2002, we have approximately 7,600 team members, including 76 team members located at our corporate headquarters. None of our team members are covered by any collective bargaining agreement. We consider our team member relations to be good.

Competition

The restaurant industry is highly competitive. We compete on the basis of the taste, quality, price of food offered, guest service, ambiance, location and overall dining experience. We believe that our gourmet burger concept, attractive price-value relationship, and the quality of our food and service enable us to differentiate ourselves from our competitors. Although we believe we compete favorably with respect to each of these factors, many of our direct and indirect competitors are well-established national, regional or local chains, and some have substantially greater financial, marketing, and other resources than we do. We also compete with many other restaurant and retail establishments for site locations and restaurant-level team members.

Properties

Our corporate headquarters are located in Greenwood Village, Colorado. We occupy this facility under a lease that terminates in January 2004. We lease the majority of our restaurant facilities, although we own restaurants in: Moreno Valley, California; Yuba City, California; Glen Allen (Richmond), Virginia; Potomac Mills, Virginia; Fairlakes, Virginia; Mesa, Arizona; Oxford Valley, Pennsylvania; and North Olmstead, Ohio. The majority of our leases are for 20-year terms and include options to extend the terms. The majority of our leases also include both minimum rent and percentage-of-sales rent provisions.

Trademarks

Our registered trademarks and service marks include, among others, the marks "Red Robin®," "America's Gourmet Burgers & Spirits®" and "Mad Mixology®" and our stylized logo set forth on the front and back pages of this prospectus. We have registered all of our marks with the United States Patent and Trademark Office. We have registered or have registrations pending for our most significant trademarks and service marks in Canada. In order to better protect our brand, we have also registered the Internet domain name "www.redrobin.com." We believe that our trademarks, service marks, and other proprietary rights have significant value and are important to our brand-building efforts and the marketing of our restaurant concepts. We have in the past, and expect to continue to vigorously protect our proprietary rights. We cannot predict, however, whether steps taken by us to protect our proprietary rights will be adequate to prevent misappropriation of these rights or the use by others of restaurant features based upon, or otherwise similar to, our concept. It may be difficult for us to prevent others from copying elements of our concept and any litigation to enforce our rights will likely be costly and may not be successful. Although we believe that we have sufficient rights to all of our trademarks and service marks, we may face claims of infringement that could interfere with our ability to market our restaurants and promote our brand. Any such litigation may be costly and divert resources from our business. Moreover, if we are unable to successfully defend against such claim(s), we may be prevented from using our trademarks and/or service marks in the future and may be liable for damages.

Government regulation

Our restaurants are subject to licensing and regulation by state and local health, safety, fire and other authorities, including licensing and regulation requirements for the sale of alcoholic beverages and food. To date, we have not experienced an inability to obtain or maintain any necessary licenses, permits or approvals, including restaurant, alcoholic beverage and retail licensing. The development and construction of additional restaurants will also be subject to compliance with applicable zoning, land use, and environmental regulations. We are also subject to federal regulation and state laws that regulate the offer and sale of franchises and substantive aspects of a franchisor-franchisee relationship. Various federal and state labor laws govern our relationship with our team members and affect operating costs. These laws include minimum wage requirements, overtime, unemployment tax rates, workers' compensation rates, citizenship requirements and sales taxes. In addition, the Federal Americans with Disabilities Act prohibits discrimination on the basis of disability in public accommodations and employment.

Litigation

Occasionally, we are a defendant in litigation arising in the ordinary course of our business, including claims resulting from "slip and fall" accidents, employment related claims and claims from guests or team members alleging illness, injury or other food quality, health or operational concerns. To date, none of these types of litigation, all of which are covered by insurance, has had a material effect on us, and as of the date of this prospectus, we are not a party to any litigation which we believe would have a material adverse effect on our business.

MANAGEMENT

Executive officers and directors

The following table sets forth information about our directors, executive officers and other key officers as of March 24, 2002:

Name	Age	Position
Executive Officers:		
Michael J. Snyder	52	Chairman of the Board, Chief Executive Officer, President and Director
James P. McCloskey	51	Chief Financial Officer
Michael E. Woods	52	Senior Vice President of Franchise Development
Robert J. Merullo	47	Senior Vice President of Restaurant Operations
Todd A. Brighton	44	Vice President of Development
Eric C. Houseman	34	Vice President of Restaurant Operations
Other Key Officers:		
Neil A. Culbertson	46	Vice President of Marketing
John W. Grant	55	Vice President and General Counsel
Charles K. Dusenberry II	48	Vice President of Design and Construction
Mark K. Eggen	48	Vice President of Franchise Operations
Robert F. Fix	49	Vice President of Franchise Sales
Michael I. Speck	42	Vice President of Human Resources
Lisa A. Dahl	43	Controller
Howard C. Jenkins	59	Vice President of Management Information Systems
Ray S. Masters	42	Vice President of Purchasing
Scott A. Schooler	34	Vice President of Food and Beverage
Other Directors:		
Tasuko Chino	67	Director
Terrence D. Daniels	59	Director
Edward T. Harvey	54	Director
Gary J. Singer	49	Director

Michael J. Snyder. Mr. Snyder was elected as our president, chief operating officer and as a director in April 1996. In March 1997, Mr. Snyder was elected as our chief executive officer. In May 1997, Mr. Snyder was elected as our chairman of the board. From 1979 to May 2000, Mr. Snyder also served as president of The Snyder Group Company.

James P. McCloskey. Mr. McCloskey was elected as our chief financial officer and secretary in June 1996. From March 1994 to January 1996, Mr. McCloskey served as chief financial officer for Avalon Software in Tucson, Arizona. From July 1988 to March 1994, Mr. McCloskey served as chief financial officer for Famous Amos Cookies in San Francisco, California.

Michael E. Woods. Mr. Woods joined us in January 1997 as our vice president of franchise development and was appointed senior vice president in January 1999. From 1992 to June 1999, Mr. Woods also served as director of corporate development for The Snyder Group Company.

Robert J. Merullo. Mr. Merullo joined us in April 2000 as our senior vice president of restaurant operations. Mr. Merullo was the director of operations for The Snyder Group Company from November 1991 to April 2000.

Todd A. Brighton. Mr. Brighton joined us in April 2001 as our vice president of development with management responsibility over real estate and design and construction. From August 1999 to April 2001, Mr. Brighton was director of real estate with RTM Restaurant Group and was responsible for strategic analysis and market planning for three restaurant chains. From November 1996 to July 1999, Mr. Brighton was the western development manager for Blockbuster Entertainment, Inc. and was responsible for all real estate development in 17 states and select international markets.

Eric C. Houseman. Mr. Houseman joined us in 1993 and has served as our vice president of restaurant operations since March 2000. From 1993 to March 2000, he served in various regional operations management positions with our company.

Neil A. Culbertson. Mr. Culbertson joined us in January 1999 as our vice president of marketing. From September 1998 to December 1998, he was executive vice president of marketing for The Weather Channel in Atlanta, Georgia. From March 1994 to August 1998, he served as vice president of marketing for Boston Chicken, Inc. in Golden, Colorado. Mr. Culbertson has over 20 years of consumer brand marketing experience gained at Fortune 500 companies, including Kraft General Foods and General Mills.

John W. Grant. Mr. Grant joined us in January 1995 and has served as our vice president and general counsel since August 1996. From December 1993 to December 1994, Mr. Grant was self-employed as an attorney in Santa Barbara, California.

Charles K. Dusenberry II. Mr. Dusenberry joined us in March 2002 as our vice president of design and construction. From 1996 to March 2002, Mr. Dusenberry was the vice president of construction, design and facilities for Pizzeria Uno.

Mark K. Eggen. Mr. Eggen joined us in March 1994 as our vice president of operations. In March 2000, he was appointed vice president of franchise operations.

Robert F. Fix. Mr. Fix joined us in March 2001 as our vice president of franchise sales. From 1996 until March 2001, Mr. Fix was director of U.S. franchise development for Boston Pizza International of Richmond in British Columbia, Canada.

Michael I. Speck. Mr. Speck joined us in June 1998 as our director of human resources and was promoted to vice president of human resources in July 1999. Prior to June 1998, Mr. Speck was vice president of training and human resources for Mayfair Partners, L.P., a franchisee of Boston Market and Einstein Bros. Bagels. Mr. Speck has served as chairperson for the National Restaurant Association Human Resources Executive Group.

Lisa A. Dahl. Ms. Dahl joined us in March 1997 as our corporate controller. Prior to joining us, Ms. Dahl was an accounting director for Vicorp Restaurants. Ms. Dahl is a certified public accountant. Ms. Dahl has also served as chairperson for the National Restaurant Association Finance Executive Group.

Howard C. Jenkins. Mr. Jenkins joined us in December 1996 as our vice president of management information systems. Prior to 1996, Mr. Jenkins held various senior management positions in information technology, material management, and manufacturing for defense and commercial corporations. He has also performed various consulting services involving the implementation of enterprise resource planning systems. Mr. Jenkins has served as the chairman for the National Restaurant Association MIS Executive Study Group.

Ray S. Masters. Mr. Masters joined us in May 1996 as director of purchasing and was promoted to vice president of purchasing in October 1998. Prior to joining us, Mr. Masters held multi-unit national account executive sales positions with SYSCO Foods and Johnsonville Foods.

Scott A. Schooler. Mr. Schooler joined us in April 2000 as vice president of food and beverage. He was the director of food and beverage for The Snyder Group Company from March 1987 to April 2000.

Tasuko Chino. Mr. Chino joined us as a director in January 2001. Since January 2001, Mr. Chino has served as a director of Skylark Co., Ltd. From 1962 through December 2000, Mr. Chino served as chief executive officer and president of Skylark Co., Ltd., a publicly held Japanese corporation, which operates 1,807 restaurants in Japan.

Terrence D. Daniels. Mr. Daniels joined us as a director in May 2000. Mr. Daniels has been a partner with Quad-C in Charlottesville, Virginia since its formation in November 1989. Prior to November 1989, Mr. Daniels served as vice chairman and director of W.R. Grace & Co., as chairman, president and chief executive officer of Western Publishing Company, Inc. and as senior vice president for corporate development of Mattel, Inc.

Edward T. Harvey. Mr. Harvey joined us as a director in May 2000. Mr. Harvey has been a partner with Quad-C in Charlottesville, Virginia since April 1990. From 1975 to April 1990, Mr. Harvey held various positions at W.R. Grace & Co., principally in corporate development, acquisitions and planning.

Gary J. Singer. Mr. Singer joined us as a director in June 1993. Mr. Singer has been a partner at the law firm of O'Melveny & Myers LLP, an international law firm, since February 1985 and has been associated with O'Melveny & Myers since 1977.

Board composition

We currently have five directors. Each director was elected to serve until the next annual meeting of stockholders or until a successor is elected and qualified. These directors have been nominated and elected pursuant to a voting arrangement in our amended and restated shareholders agreement among us and certain of our stockholders, including certain entities affiliated with Quad-C, certain entities affiliated with Skylark Co., Ltd., Mike Snyder and certain other of our stockholders. The parties to this agreement agreed to vote their shares in favor of board nominees of Skylark and Quad-C. The stockholders also agreed to vote their shares in favor of Mr. Snyder as a director as long as he remains our chief executive officer. The amended and restated shareholders agreement will terminate upon consummation of this offering if this offering generates at least $30.0 million in gross proceeds and results in at least 20.0% of our outstanding common stock, options or other convertible securities being held by persons other than the parties to the agreement. If the shareholders agreement does not terminate automatically pursuant to its terms, we will seek the approval of the parties to the agreement to terminate it.

Upon the closing of this offering, in accordance with the terms of our amended and restated bylaws and our amended and restated certificate of incorporation, our board of directors will consist of six directors, the terms of office of which will be divided into three classes:

- Class I directors, whose term will expire at the annual meeting of stockholders to be held in 2003;
- Class II directors, whose term will expire at the annual meeting of stockholders to be held in 2004; and
- Class III directors, whose term will expire at the annual meeting of stockholders to be held in 2005.

Our Class I directors will be Tasuko Chino and Terrence D. Daniels, our Class II directors will be Edward T. Harvey and Gary J. Singer and our Class III director will be Mike Snyder.

At each annual meeting of stockholders after the initial classification, the successors to directors whose terms will then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. This classification of our board of directors may have the effect of delaying or preventing changes in control or management of our company.

Board committees

Audit committee

Our board of directors has established an audit committee that reviews, acts on, and reports to our board with respect to various auditing and accounting matters, including the recommendation of our auditors, the scope of our annual audits, fees to be paid to the auditors, evaluating the performance of our independent auditors and our accounting practices. The members of the audit committee are Terrence D. Daniels, Edward T. Harvey and Gary J. Singer.

Compensation committee

Our board of directors has established a compensation committee that recommends, reviews and oversees the salaries, benefits, and option plans for our team members, consultants, and other individuals compensated by us. The compensation committee also administers our stock option plans, including determining the stock option grants for our team members, consultants, directors and other individuals. The members of the compensation committee as of the date of this prospectus are Terrence D. Daniels, Edward T. Harvey and Gary J. Singer.

Compensation committee interlocks and insider participation

During 2001, our compensation committee consisted of Mike Snyder, Edward T. Harvey and Gary J. Singer. Mr. Snyder is, and was during 2001, our president and chief executive officer. Other than service on our board of directors, we did not employ any of the other members of the compensation committee during 2001. No member of our compensation committee and none of our executive officers serve as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee. Certain transactions and relationships between us and Mr. Snyder, Mr. Harvey or Mr. Singer are described below.

Transactions involving Mr. Snyder

In February 2000, our operating subsidiary, Red Robin International, Inc., entered into an agreement and plan of merger with The Snyder Group Company and the stockholders of The Snyder Group Company, whereby we agreed to acquire all of the outstanding capital stock of The Snyder Group Company in exchange for approximately 5.5 million shares of our common stock, $9.2 million in debentures and $1.8 million in cash and promissory notes payable to the stockholders of The Snyder Group Company. We completed this acquisition in May 2000. In connection with this transaction, Mr. Snyder, our chief executive officer and a member of our compensation committee during 2001, received $4,100 in cash, $5.5 million in debentures repaid by us in August 2001, $18,870 in debentures repaid by us in May 2001 and 2,301,576 shares of our common stock.

In connection with our acquisition of The Snyder Group Company in May 2000, we entered into a non-interference, non-disclosure and non-competition agreement with Mr. Snyder. Pursuant to this agreement, Mr. Snyder has agreed that he will not engage in any activity relating to the casual dining business anywhere in the United States until May 2005. Mr. Snyder has also agreed that he will not disclose any confidential information relating to us or our business. Finally, Mr. Snyder has agreed that, until March 2005, he will not (i) solicit or induce any employee at the level of assistant restaurant manager or higher to terminate employment with us, (ii) hire any employee at the level of assistant restaurant manager or higher who was employed with us within the prior 12 months, or (iii) induce or attempt to induce any supplier or other business relationship of ours to cease doing business with us or otherwise interfere with our relationship with such suppliers or business relations.

In April 2002, our board of directors approved the early exercise of options to purchase up to 2,250,000 shares of our common stock held by certain of our executive officers under our 2000 management performance common stock option plan, including Mr. Snyder. Mr. Snyder elected to early exercise options to purchase an

aggregate of 1,500,000 shares of common stock. Mr. Snyder paid the exercise price by delivering a full recourse promissory note in the aggregate principal amount of $3.0 million. This promissory notes bear interest at 4.65% per annum with principal and interest due and payable on the original expiration date of the underlying option or earlier if the employment of the respective executive officer is terminated for any reason. Mr. Snyder has pledged the shares acquired by him as collateral for repayment of his full recourse promissory note and the shares acquired by him are subject to a right of repurchase in our favor, which right lapses as the shares vest.

Mr. Snyder has a 31.0% ownership interest in one of our franchisees, Mach Robin, LLC. We recognized franchise and royalty fees from Mach Robin in the amounts of $204,969 in 1999, $415,649 in 2000 and $803,198 in 2001. Mach Robin has a 40.0% ownership interest and a right to share in up to 60.0% of the profits of one of our other franchisees, Red Robin Restaurants of Canada, Ltd. We recognized franchise and royalty fees from Red Robin Restaurants of Canada in the amounts of $913,718 in 1999, $940,670 in 2000 and $849,801 in 2001.

In connection with our acquisition of The Snyder Group Company, we extended two loans to Mr. Snyder, each in the aggregate principal amount of $300,000. The first loan is evidenced by a promissory note dated June 30, 2000, which bears interest at the greater of 6.6% or the prime rate plus 2.0%. The second loan is evidenced by a promissory note, dated February 27, 2001, which also bears interest at the greater of 6.6% or the prime rate plus 2.0%. Interest on both notes is waived if we achieve certain financial benchmarks. These loans are secured by a pledge of 150,000 shares of common stock owned by Mr. Snyder to us, and are payable in May 2005.

Pursuant to a registration rights agreement between us and certain of our stockholders, if we propose to register any of our securities under the Securities Act, Mr. Snyder is entitled to notice of the registration and to include his registrable shares in the offering; provided that the consent of the underwriters is required to participate in an initial public offering. We are required to bear substantially all costs incurred in these registrations, other than underwriting discounts and commissions.

We have entered into an indemnification agreement with Mr. Snyder. This agreement requires us, among other things, to indemnify Mr. Snyder against amounts actually and reasonably incurred in connection with actual or threatened proceedings if he is made a party because of his role as one of our officers and directors.

We lease our restaurant building located at 9130 South Crown Crest Boulevard, Parker, Colorado 80138, from 2J Crown Point, LLC indirectly from one of Mr. Snyder's brothers, Steve Snyder. Stol Operating, Ltd. is the manager of 2J Crown Point and Steve Snyder is the president and the sole owner of Stol Operating. The lease is for a term of 20 years, ending in January 2022, and rent due under the lease is currently $18,718 per month.

Our indoor plant maintenance supplier, Tropical Interiors, is operated by one of Mr. Snyder's brothers, Brad Snyder. We paid Tropical Interiors $132,711 in 2001, $152,279 in 2000 and $44,596 in 1999.

Transactions involving Mr. Harvey

In May 2000, we sold an aggregate of 12.5 million shares of our common stock to RR Investors, LLC and RR Investors II, LLC, two entities affiliated with Quad-C and its principals, for a purchase price of $25.0 million. Edward T. Harvey, one of our directors, is the president and a director of RR Investors. In addition, Mr. Harvey holds a membership interest in Quad-C Advisors V, the general partner of RR Investor's sole member, Quad-C Partners V, L.P. Mr. Harvey is also the president and a director of RR Investors II, LLC. Mr. Harvey indirectly owns membership interests of RR Investors II.

Concurrently with this sale of our common stock to RR Investors and RR Investors II, we entered into a consulting services agreement with Quad-C Management, Inc. In accordance with this agreement, we are required to pay Quad-C Management an aggregate of $200,000 per year, payable quarterly, for consulting services. This agreement will terminate upon the consummation of this offering. Mr. Harvey is a principal of and maintains an ownership interest in Quad-C Management.

Transactions involving Mr. Singer

Mr. Singer is a partner of O'Melveny & Myers LLP. We have engaged O'Melveny & Myers to represent us on various legal matters, including acquisitions, financings, this offering and general corporate matters.

Director compensation

As compensation for their services on our board of directors, our directors receive reimbursement for reasonable out-of-pocket expenses they incur in attending board and committee meetings. In addition, Mr. Singer, one of our non-employee directors, receives compensation for his attendance at board and committee meetings in an amount equal to $20,000 per year. We also have granted, and expect to continue to grant, non-employee director options to purchase shares of our common stock. In each of 1997, 1998 and 1999, we granted Mr. Singer options to purchase 1,000 shares of our common stock at an exercise price of $2.00 per share. These options are fully vested. In 2000, we granted Mr. Singer options to purchase 2,500 shares of our common stock at an exercise price of $2.00 per share and in 2001, we granted Mr. Singer options to purchase 2,500 shares of our common stock at an exercise price of $2.25 per share. These options vested immediately when granted.

Executive compensation

The following table sets forth summary information concerning compensation awarded to, earned by, or accrued for services rendered to us in all capacities by our chief executive officer and our other executive officers during 2001. The individuals listed in the table below are collectively referred to as the named executive officers.

Summary Compensation Table

		Annual Compensation(1)		Long-Term Compensation	
Name and Principal Position	Year	Salary($)	Bonus($)	Securities Underlying Options/SARs (#)	All Other Compensation ($)(2)
Michael J. Snyder, Chief Executive Officer	2001	$340,609	$347,288	—	$ 4,620
James P. McCloskey, Chief Financial Officer	2001	226,861	162,068(3)	—	2,793
Michael E. Woods, Senior Vice President of Franchise Development	2001	196,568	140,498(3)	—	2,562
Robert J. Merullo, Senior Vice President of Restaurant Operations	2001	207,563	147,630(3)	—	5,600
Todd A. Brighton, Vice President of Development	2001	95,192(4)	30,000	150,000	1,400
Eric C. Houseman, Vice President of Restaurant Operations	2001	128,942	48,300	25,000	1,391

(1) In accordance with the rules of the SEC, the compensation described in this table does not include a) medical, group life insurance or other benefits received by the named executive officers that are available generally to all of our salaried employees, or b) perquisites and other personal benefits received by the named executive officers that do not exceed the lesser of $50,000 or 10.0% of the officer's salary and bonus disclosed in this table.

(2) Represents premiums paid for supplemental life insurance.

(3) Includes $20,000 of bonus compensation earned during 2001 that has been deferred at the election of the named executive officer.

(4) Mr. Brighton joined Red Robin in April 2001. His annualized salary for 2001 was $150,000.

Option grants during 2001

The table below sets forth the options granted to our named executive officers during 2001. We have never issued restricted stock or stock appreciation rights.

	Individual Grants				Potential Realizable Value at Assumed Annual Rate of Stock Price Appreciation for Option Year(1)	
Name	Number of Securities Underlying Options Granted(2)	% of Total Options Granted to Employees in 2001(3)	Exercise Price per Share ($/Share)(4)	Expiration Date(5)	5.0%($)	10.0%($)
Michael J. Snyder	—	—	—	—	—	—
James P. McCloskey	—	—	—	—	—	—
Michael E. Woods	—	—	—	—	—	—
Robert J. Merullo	—	—	—	—	—	—
Todd A. Brighton	75,000	19.7%	$ 2.25	5/8/2011	274,875	437,694
	75,000	19.7	2.25	10/23/2011	274,875	437,694
Eric C. Houseman	25,000	6.6	2.25	10/23/2011	91,625	145,898

(1) The potential realizable values are based on an assumption that the stock price of our common stock will appreciate at the annual rate shown, compounded annually, from the date of grant until the end of the option term. These values do not take into account amounts required to be paid as income taxes under the Internal Revenue Code and any applicable state laws or option provisions providing for termination of an option following termination of employment, non-transferability or vesting. These amounts are calculated based on the requirements promulgated by the SEC and do not reflect our estimate of future stock price growth of the shares of our common stock.

(2) Represents options we granted under our 2000 management performance common stock option plan. These options vest over a three-year period, with 50.0% vesting on the second anniversary of the grant date and the remaining 50.0% vesting on the third anniversary of the grant date.

(3) Based on an aggregate of 381,600 shares of our common stock that are subject to options granted to employees during 2001.

(4) We granted options at an exercise price equal to the fair market value of our common stock as determined by our board of directors at the date of grant. In determining the fair market value of our common stock, the board considered various factors, including our financial condition and business prospects, operating results, the absence of a market for our common stock and the risks normally associated with investments in companies engaged in similar businesses.

(5) The term of each option we grant is generally ten years from the date of grant. Our options may terminate before their expiration date if the option holder's status as an employee is terminated or upon the option holder's death or disability.

Aggregated option exercises in 2001 and year-end option values

None of our named executive officers exercised stock options during 2001. The following table sets forth the number of shares subject to both exercisable and unexercisable stock options held by our named executive officers as of December 30, 2001. The table also reports values for "in-the-money" options that represent the positive spread between the exercise prices of outstanding options and the assumed initial offering price of $ per share.

	Number of Securities Underlying Unexercised Options at December 30, 2001(1)		Value of Unexercised In-the-Money Options at December 30, 2001	
Name	Exercisable	Unexercisable	Exercisable($)	Unexercisable($)
Michael J. Snyder	—	1,500,000		
James P. McCloskey	300,000	100,000		
Michael E. Woods	125,000	300,000		
Robert J. Merullo	—	250,000		
Todd A. Brighton	—	150,000		
Eric C. Houseman	10,000	65,000		

(1) This table does not give effect to the early exercise of stock options by certain of our executive officers in April 2002. See "Related Party Transactions—Option Exercises."

Stock plans

As of March 24, 2002, our employees held outstanding stock options for the purchase of up to 4,240,950 shares of our common stock. Those options were granted under our 1990 stock option plan, our 1996 stock option plan, and our 2000 management performance common stock option plan. As of March 24, 2002, 1,144,750 of those options had vested and the balance were not vested. The exercise prices of those options ranged from $2.00 per share to $2.50 per share and each of those options had a maximum term of ten years from the applicable date of grant.

The following sections provide more detailed information concerning these option plans and the shares that are available for future awards under these plans. Each summary below is qualified in its entirety by the full text of the relevant plan document, which has been filed with the SEC as an exhibit to the registration statement of which this prospectus is a part.

Incentive Stock Option and Nonqualified Stock Option Plan—1990; 1996 Stock Option Plan; 2000 Management Performance Common Stock Option Plan

Our 1990 stock option plan was effective April 3, 1990, our 1996 stock option plan was effective September 6, 1996, and our 2000 management performance common stock option plan was effective May 11, 2000. Under each of these plans, we are generally authorized to grant options to purchase shares of our common stock to certain of our employees, directors, officers and consultants and certain employees, officers and consultants of our subsidiaries, except that consultant grants are authorized only under the 1996 stock option plan.

Options under these plans are either incentive stock options, within the meaning of Section 422 of the Internal Revenue Code, or nonqualified stock options, except that only nonqualified stock options are authorized under our 2000 management performance common stock option plan.

Of the aggregate 4,240,950 shares that were subject to outstanding employee stock options as of March 24, 2002, 506,000 shares remained subject to awards then outstanding under our 1990 stock option plan, 603,500 shares remained subject to awards then outstanding under our 1996 stock option plan and 3,131,450 shares

remained subject to awards then outstanding under our 2000 stock option plan. Our authority to grant new awards under the 1990 stock option plan terminated on April 2, 2000. No new awards will be granted under the 1996 stock option plan or under the 2000 management performance common stock option plan after the consummation of this offering.

Our board of directors administers each of these plans. Our board of directors may delegate its authority under any of these plans to a committee appointed by the board. The administrator of the applicable plan, either our board of directors or a committee appointed by the board, has the power to, among other things, interpret and administer the plan, determine the exercise price of the options, determine the number of shares subject to each option, determine the exercise or vesting period for each option, determine eligibility for participation in the plan and accelerate the time during which an option may be exercised. The purchase price for any shares acquired upon exercise of an option generally may be paid in cash or, subject to certain restrictions, shares of our common stock or by delivery of a promissory note. All options granted under these plans expire no later than ten years from their date of grant. Options granted under these plans are generally non-transferable other than by will or the laws of descent and distribution, except certain transfers for tax or estate planning purposes may be permitted.

As is customary in incentive plans of this nature, the share limit under each of these plans, as well as the number of shares subject to outstanding awards and the exercise prices of those awards, are subject to adjustment in the event of changes in our capital structure, reorganizations and other extraordinary events.

Each of these plans contains various change of control provisions. Stock options under our 1990 and 1996 stock option plans automatically vested as a result of the change of control that occurred following our issuance of common stock in connection with the acquisition of The Snyder Group Company and Quad-C's $25.0 million equity investment in May 2000 through its affiliates. Outstanding options under our 2000 management performance common stock option plan may become fully vested in connection with the sale or disposition of substantially all of our common stock or our assets. In addition, the plan administrator may provide for the assumption, substitution or settlement of the outstanding options under the 2000 management performance common stock option plan in the event of a "control transfer." A control transfer is defined in the 2000 management performance common stock option plan and generally includes any person or group of persons who were not our stockholders on April 30, 2000 becoming the owner of 50.0% or more of our outstanding voting shares, our merger, consolidation, or other reorganization in which any such person or group owns 50.0% or more of the outstanding voting shares of the surviving or resulting entity, or all or substantially all of our assets are sold or otherwise transferred to any such person or group.

Our board of directors may amend, suspend or discontinue these plans at any time, however, no such action may adversely alter any outstanding stock option without the consent of the optionholder. Plan amendments will generally not be submitted to stockholders for their approval unless applicable law requires such approval.

2002 Stock Incentive Plan

We intend to adopt a 2002 stock incentive plan prior to consummation of this offering to provide an additional means to attract, motivate, reward and retain key personnel. We expect our board of directors and our stockholders to approve this plan prior to the consummation of this offering. The 2002 stock incentive plan will give our board of directors, or a committee appointed by our board of directors, the authority to determine who may participate in the plan and to grant different types of stock incentive awards. Our employees, officers, directors and consultants may be selected to receive awards under the plan.

The total number of shares of common stock that will be authorized for issuance with respect to awards granted under the 2002 stock incentive plan will be determined by our board of directors and approved by our stockholders prior to consummation of this offering. Any shares subject to awards that are not paid or exercised before they expire or are terminated will become available for other award grants under the 2002 stock incentive plan.

Awards under the plan may be in the form of nonqualified stock options, incentive stock options, stock appreciation rights, or SARs, limited stock appreciation rights or SARs limited to specific events, such as in a change in control or other special circumstances, restricted stock, performance share awards, or stock bonuses. Awards under the plan generally will be nontransferable other than by will or the laws of descent and distribution, except that the plan administrator may authorize certain transfers for tax or estate planning purposes.

Nonqualified stock options and other awards may be granted at prices below the fair market value of the common stock on the date of grant. Restricted stock awards can be issued for nominal or the minimum lawful consideration. Incentive stock options must have an exercise price that is at least equal to the fair market value of the common stock, or 110.0% of fair market value of the common stock for any 10.0% owner of our common stock, on the date of grant. These and other awards may also be issued solely or in part for services.

Our board of directors, or a committee of directors appointed by our board of directors, will have the authority to administer the plan. The administrator of the plan will have broad authority to:

- designate recipients of awards;
- determine or modify, subject to any required consent, the terms and provisions of awards, including the price, vesting provisions, terms of exercise and expiration dates;
- approve the form of award agreements;
- determine specific objectives and performance criteria with respect to performance awards;
- construe and interpret the 2002 stock incentive plan; and
- re-price, accelerate and extend the exercisability or term, and establish the events of termination or reversion of outstanding awards.

Each award granted under the 2002 stock incentive plan may, in the discretion of the plan administrator, become fully vested, exercisable, and/or payable, as applicable, upon a change of control event if the award will not be assumed or substituted for or otherwise continued after the event. A change of control, as defined in the 2002 stock incentive plan, will generally include:

- stockholder approval of our dissolution or liquidation;
- certain changes in a majority of the membership of our board of directors over a period of two years or less;
- the acquisition of more than 20.0% of our outstanding voting securities by any person other than a person who held more than 20.0% of our outstanding voting securities as of the date that the 2002 stock incentive plan was approved, a company benefit plan, or one of their affiliates, successors, heirs, relatives or certain donees or certain other affiliates;
- certain transfers of all or substantially all of our assets; and
- a merger, consolidation or reorganization (other than with an affiliate) whereby our stockholders do not own more than 50.0% of the outstanding voting securities of the resulting entity after such event.

In addition, if we terminate any participant's employment for any reason other than for cause either in express anticipation of, or within one year after a change in control event, then all awards held by that participant will vest in full immediately before his or her termination date. The plan administrator may also provide for alternative settlements (including cash payments), the assumption or substitution of awards or other adjustments in the event of a change in control event or in the context of any other reorganization of the company.

Our board of directors may amend, suspend or discontinue the plan at any time, but no such action will affect any outstanding award in any manner materially adverse to a participant without the consent of the participant. Plan amendments will be submitted to stockholders for their approval as required by applicable law. The 2002 stock incentive plan will not be exclusive—our board of directors and compensation committee may grant stock and performance incentives or other compensation, in stock or cash, under other plans or authority.

The plan will terminate on the tenth anniversary of its adoption; however, the committee will retain its authority until all outstanding awards are exercised or terminated. The maximum term of options, SARs and other rights to acquire common stock under the plan is ten years after the initial date of the award, subject to provisions for further deferred payment in certain circumstances.

The exercise price of options or other awards will generally be payable in cash or, subject to certain restrictions, shares of our common stock or, if authorized by the plan administrator, by delivery of a promissory note. Subject to any applicable limits, we may finance or offset shares to cover any minimum withholding taxes due in connection with an award.

Employee Stock Purchase Plan

We intend to adopt an employee stock purchase plan prior to consummation of this offering to provide certain of our employees with an incentive to advance the best interests of our company by providing a method whereby they may voluntarily purchase our common stock at a favorable price and upon favorable terms. We expect our board of directors and our stockholders to approve this plan prior to the consummation of this offering. Generally, all of our officers and employees who have been employed by us for at least 90 days, who are regularly scheduled to work more than a designated minimum number of hours per week, and who are customarily employed more than five months per year will be eligible to participate in the plan.

The plan will generally operate in successive six-month periods, or offering periods, commencing on each January 1 and July 1. On the first day of each offering period, or grant date, each employee eligible to participate in the plan who has timely filed a valid election to participate for that offering period will be granted an option to purchase shares of our common stock. A participant must designate in his or her election the percentage of his or her compensation (subject to certain limits in the plan and limits under the Internal Revenue Code) to be withheld from his or her pay during that offering period on an after-tax basis and credited to a bookkeeping account maintained under the plan in his or her name.

Each option granted with respect to an offering period will automatically be exercised on the last day of that offering period, or the exercise date. The number of shares of our common stock acquired by the holder of the option will be determined by dividing the participant's plan account balance as of the exercise date by the option price. The option price for an offering period will equal 85.0% of the fair market value of a share of our common stock on the first day of that offering period or 85.0% of the fair market value of a share of our common stock on the last day of that offering period, whichever amount is less.

Generally, a participant's plan participation will terminate during an offering period, and his or her plan account balance will be paid to him or her in cash, if the participant elects a withdrawal of his of her contributions or if the participant's employment by us or one of our participating subsidiaries terminates.

The maximum aggregate number of shares of our common stock available under our employee stock purchase plan will be determined by our board of directors and approved by our stockholders prior to consummation of this offering. As required by the Internal Revenue Code, a participant cannot purchase more than $25,000 of stock (valued at the start of the applicable offering period) under the plan in any one calendar year. In the event of a merger, consolidation, recapitalization, stock split, stock dividend, combination of shares, or other change affecting our common stock, a proportionate and equitable adjustment will be made to the number of shares subject to the plan and outstanding plan options.

The plan will be administered by our board of directors or a committee appointed by our board of directors. The plan will not limit the authority of our board of directors or the compensation committee to grant awards or authorize any other compensation, with or without reference to our common stock, under any other plan or authority.

Our board of directors may amend, modify or terminate the plan at any time and in any manner, provided that the existing rights of participants are not materially adversely affected thereby. Stockholder approval for any amendment will only be required to the extent necessary to meet the requirements of Section 423 of the Internal Revenue Code or to the extent otherwise required by law. Unless previously terminated by our board of directors, no new offering periods will commence on or after the tenth anniversary of the plan's adoption or, if earlier, when no shares remain available for options under the plan.

Employment agreements

Mike Snyder

We have an employment agreement with Mike Snyder. Pursuant to this agreement, Mr. Snyder serves as the chairman of our board, our chief executive officer and our president and receives an annual base salary of $330,750. Mr. Snyder is also entitled to participate in our annual incentive compensation plan and all other incentive, savings and retirement plans, practices, policies and programs to the same extent as other senior executive employees. The employment agreement has an initial term ending in May 2005, which will be automatically extended for additional one-year periods unless either we or Mr. Snyder give written notice not to extend the agreement.

In the event Mr. Snyder is terminated other than for cause as defined in the agreement to include, among other things, neglect in the performance of his duties, engaging willfully in misconduct in the performance of his duties and failure to follow lawful directives from the board of directors, or Mr. Snyder terminates his employment with us for a substantial breach as defined in the agreement to include a reduction in his base salary, the removal of Mr. Snyder from his current officer positions other than for cause and a change in control, Mr. Snyder will receive severance pay which includes: payment of his base salary for one year, the bonus he would have received on the next bonus payment date, and participation in our health and welfare benefit plans for himself and his family for one year. In the event Mr. Snyder's employment is terminated by reason of his death or disability, Mr. Snyder's estate will receive all accrued but unpaid and deferred compensation and shall have the right to require us to purchase common stock held by the estate having a fair market value of up to $5.0 million and Mr. Snyder's family shall have the right to participate in our health and other welfare benefit plans for one year.

Mr. Snyder has agreed not to engage in any activity relating to the casual dining business anywhere in the United States until the later of May 11, 2005 and two years following the termination of his employment.

Mike Woods

We also have an employment agreement with Mike Woods, our senior vice president of franchise development. Pursuant to the agreement, if Mr. Woods is terminated without cause he is entitled to severance pay equal to his then current base salary paid monthly for one year.

Indemnification of directors and executive officers and limitation on liability

Our bylaws currently provide and, upon the closing of this offering our amended and restated bylaws will provide, that we shall indemnify our directors and officers to the fullest extent permitted by Delaware law, provided that, with respect to proceedings initiated by our officers and directors, we are only required to indemnify these persons if the proceeding was authorized by our board of directors. Our bylaws permit us, by action of our board of directors, to indemnify our other employees and agents to the same extent as we are required to indemnify our officers and directors. We are also empowered under our bylaws to enter into indemnification agreements with our directors, officers, employees or agents and to purchase insurance on behalf of any of our director, officer, employee or agent whether or not we are required or permitted to indemnify such persons under Delaware law.

We have entered into indemnification agreements with certain of our directors and executive officers and intend to enter into indemnification agreements with all of our other directors and executive officers prior to the consummation of this offering. Under these agreements, we will indemnify our directors and executive officers against amounts actually and reasonably incurred in connection with actual or threatened proceedings if any of them may be made a party because of their role as one of our directors or officers. We are obligated to pay these amounts only if the officer or director acted in good faith and in a manner that he or she reasonably believed to be in or not opposed to our best interests. For any criminal proceedings, we are obligated to pay these amounts only if the officer or director had no reasonable cause to believe his or her conduct was unlawful. The indemnification agreements also set forth procedures that will apply in the event of a claim for indemnification thereunder.

In addition, upon the closing of this offering, our amended and restated bylaws will provide that our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duty as a director, except for liability:

- for any breach of the director's duty of loyalty to us or our stockholders;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- under Section 174 of the Delaware General Corporation Law; or
- for any transaction from which the director derives an improper personal benefit.

There is no pending litigation or proceeding involving any of our directors or officers for which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

RELATED PARTY TRANSACTIONS

Acquisition of The Snyder Group Company

In February 2000, our operating subsidiary, Red Robin International, Inc., entered into an agreement and plan of merger with The Snyder Group Company and the stockholders of The Snyder Group Company, whereby we agreed to acquire all of the outstanding capital stock of The Snyder Group Company in exchange for approximately 5.5 million shares of our common stock, $9.2 million in debentures and $1.8 million in cash and promissory notes payable to the stockholders of The Snyder Group Company. We completed this acquisition in May 2000.

In connection with this transaction, certain stockholders of The Snyder Group Company who are also one of our directors, officers or principal stockholders received the following:

- Mike Snyder, our chief executive officer, received $4,100 in cash, $5.5 million in debentures repaid by us in August 2001, $18,870 in debentures repaid by us in May 2001 and 2,301,576 shares of our common stock.
- Mike Woods, our senior vice president of franchise development, received $2,241 in cash, $399,934 pursuant to a promissory note repaid by us in August 2001 and 201,087 shares of our common stock.
- Bob Merullo, our senior vice president of operations, received $2,241 in cash, $399,934 pursuant to a promissory note repaid by us in August 2001 and 201,087 shares of our common stock.
- Steve Snyder, Mike Snyder's brother and one of our principal stockholders, and his wife each received $2,050 in cash, $1.8 million in debentures repaid by us in August 2001, $9,435 in debentures repaid by us in May 2001 and 1,150,789 shares of our common stock.

Transactions with Quad-C

In May 2000, we sold an aggregate of 12.5 million shares of our common stock to RR Investors, LLC and RR Investors II, LLC, two entities affiliated with Quad-C and its principals, for a purchase price of $25.0 million. Edward T. Harvey, one of our directors, is the president and a director of RR Investors. In addition, Mr. Harvey holds a membership interest in Quad-C Advisors V, the general partner of RR Investor's sole member, Quad-C Partners V, L.P. Terrence D. Daniels, one of our other directors, is the vice president and secretary of RR Investors. In addition, Mr. Daniels holds a membership interest in Quad-C Advisors V. Mr. Harvey is also the president and a director and Mr. Daniels is the vice president and secretary of RR Investors II, LLC. Mr. Harvey, Mr. Daniels and certain members of their immediate families own, directly or indirectly, membership interests of RR Investors II.

Concurrently with this sale of our common stock to RR Investors and RR Investors II, we entered into a consulting services agreement with Quad-C Management, Inc. In accordance with this agreement, we are required to pay Quad-C Management an aggregate of $200,000 per year, payable quarterly, for consulting services. This agreement will terminate upon the consummation of this offering. Mr. Harvey and Mr. Daniels are principals of and maintain ownership interests in Quad-C Management.

Option exercises

In April 2002, our board of directors approved the early exercise of options to purchase up to 2,250,000 shares of our common stock held by certain of our executive officers under our 2000 management performance common stock option plan and the exercise of options to purchase an additional 425,000 shares of our common stock subject to currently exercisable options held by certain of our executive officers under our 1990 and 1996 stock option plans.

- Mike Snyder elected to exercise options to purchase an aggregate of 1,500,000 shares of common stock. Mr. Snyder paid the exercise price by delivering a full recourse promissory note in the principal amount of $3,000,000. This promissory note bears interest at 4.65% per annum, with principal and accrued and unpaid interest due and payable on December 31, 2009.
- Jim McCloskey elected to exercise options to purchase an aggregate of 500,000 shares of common stock. Mr. McCloskey paid the exercise price by delivering three full recourse promissory notes in the aggregate principal amount of $1,050,000. These promissory notes bear interest at 4.65% per annum, with principal and accrued and unpaid interest due and payable as follows: June 26, 2006 with respect to $600,000 principal amount, December 31, 2009 with respect to $200,000 principal amount and January 29, 2012 with respect to $250,000 principal amount.
- Bob Merullo elected to exercise options to purchase 250,000 shares of common stock. Mr. Merullo paid the exercise price by delivering a full recourse promissory note in the principal amount of $500,000. This promissory note bears interest at 4.65% per annum, with principal and accrued and unpaid interest due and payable on December 31, 2009.
- Mike Woods elected to exercise options to purchase an aggregate of 425,000 shares of common stock. Mr. Woods paid the exercise price by delivering two full recourse promissory notes in the aggregate principal amount of $850,000. These promissory notes bear interest at 4.65% per annum, with principal and accrued and unpaid interest due and payable as follows: January 6, 2007 with respect to $250,000 principal amount and December 31, 2009 with respect to $600,000 principal amount.

The indebtedness represented by each executive officer's promissory note or notes becomes immediately due and payable in the event that the executive officer's employment is terminated for any reason. Each executive officer has pledged the shares acquired by him as collateral for repayment of his respective full recourse promissory note or notes. The shares acquired by each executive officer upon the early exercise of stock options are subject to a right of repurchase in our favor, which right lapses as the shares vest.

Board representation and registration rights

Pursuant to an amended and restated shareholders agreement between us, entities affiliated with Quad-C, entities affiliated with Skylark Co., Ltd., and certain other of our stockholders, including Mike Snyder, the parties to the agreement agreed to vote their shares in favor of certain board nominees. See "Management—Board Composition." The stockholders party to the agreement are also subject to certain restrictions on transfer of their securities. The amended and restated shareholders agreement will terminate upon consummation of this offering if this offering generates at least $30.0 million in gross proceeds and results in at least 20.0% of our outstanding common stock, options or other convertible securities being held by persons other than the parties to this agreement. If the shareholders agreement does not terminate automatically pursuant its terms, we will seek the approval of the parties to the agreement to terminate it.

Pursuant to a registration rights agreement, certain Quad-C affiliated entities and Skylark affiliated entities each has the right to demand that we register their shares of common stock two times; provided that the board of directors has the right to postpone a demand registration in certain circumstances. We have agreed to pay for all expenses in connection with the registration.

In addition, if we propose to register any of our securities under the Securities Act, including in this offering, certain Quad-C affiliated entities, certain Skylark affiliated entities and certain of our other stockholders are entitled to notice of the registration and to include their registrable shares in the offering. The underwriters have the right to limit the number of shares included in the registration in their discretion. We are required to bear substantially all costs incurred in these registrations, other than underwriting discounts and commissions.

After this offering, the following stockholders will have registration rights with respect to the number of shares identified below:

Name	Number of Registrable Securities(1)
Michael J. Snyder	4,301,576
RR Investors, LLC (2)	12,019,231
RR Investors II, LLC (3)	480,769
Skylark Co., Ltd.	4,650,000
Hibari Guam Corporation	2,250,000
Gaishoku System Kenkyujo Company, Ltd. (Gaiken)	2,250,000
Kiwamu Yokokawa (4)	200,000
Gerald R. Kingen	1,021,500
Stephen S. Snyder, as trustee of the Stephen S. Snyder Intervivos Trust	2,301,578
Michael E. Woods	626,087
Robert J. Merullo	451,087
Shamrock Investment Company	398,890
George D. Hansen	25,374
Deborah Hansen	24,837
Beverly C. Brown	26,868
L.V. Brown, Jr.	30,268

(1) This table reflects the early exercise of stock options by certain of our executive officers in April 2002. See "Related Party Transactions—Option Exercises."
(2) Quad-C Partners V, L.P. is the sole member of RR Investors, LLC, and as such, controls the disposition of the shares held by RR Investors, LLC and the exercise of the registration rights.
(3) Edward T. Harvey, Terrence D. Daniels and certain other principals and employees of Quad-C collectively control the disposition of the shares held by RR Investors II, LLC and the exercise of the registration rights.
(4) Consists of 200,000 shares of common stock issuable pursuant to stock options, all of which are exercisable within 60 days of March 24, 2002.

Indemnification agreements

For a description of our indemnification arrangements with our directors and executive officers, see "Management—Indemnification of Directors and Executive Officers and Limitation on Liability."

Other related party transactions

Mike Snyder and Bob Merullo have an ownership interest in one of our franchisees, Mach Robin, LLC. Mike Snyder owns 31.0% and Bob Merullo owns 7.0%. We recognized franchise and royalty fees from Mach Robin in the amounts of $204,969 in 1999, $415,649 in 2000 and $803,198 in 2001. Mach Robin has a 40.0% ownership interest and a right to share in up to 60.0% of the profits of one of our other franchisees, Red Robin Restaurants of Canada, Ltd. We recognized franchise and royalty fees from Red Robin Restaurants of Canada in the amounts of $913,718 in 1999, $940,670 in 2000 and $849,801 in 2001.

We lease our restaurant building located at 9130 South Crown Crest Boulevard, Parker, Colorado 80138, from 2J Crown Point, LLC. Stol Operating, Ltd. is the manager of 2J Crown Point, and Steve Snyder, Mike Snyder's brother and one of our principal stockholders, is the president and the sole owner of Stol Operating. The lease is for a term of 20 years, ending in January 2022, and rent due under the lease is currently $18,718 per month.

We lease our restaurant building located at 3272 Fuhrman Avenue East, Seattle, Washington 98102, from Gerald R. Kingen, who previously served on our board of directors until May 2000. The lease is for a term of nine years, ending in April 2009, and rent due under the lease is currently $11,068 per month.

On May 11, 2000, we sold an aggregate of 2,250,000 shares of our common stock to Hibari Guam Corporation, an affiliate of Skylark Co., Ltd., in exchange for the satisfaction, forgiveness and cancellation of a promissory note executed in favor of Hibari Guam in the principal amount of $4.5 million pursuant to a common stock subscription agreement.

For a further description of transactions between us and some of our directors, see "Management—Compensation Committee Interlocks and Insider Participation."

PRINCIPAL AND SELLING STOCKHOLDERS

The following table contains information about the beneficial ownership of our common stock before and after the consummation of this offering for:

- each person who beneficially owns more than 5.0% of our capital stock;
- each of our directors;
- each named executive officer;
- all directors and executive officers as a group; and
- each selling stockholder.

Unless otherwise indicated, the address for each person or entity named below is c/o Red Robin Gourmet Burgers, Inc., 5575 DTC Parkway, Suite 110, Greenwood Village, Colorado 80111.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Except as indicated by footnote, and except for community property laws where applicable, the persons named in the table below have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them. The percentage of beneficial ownership before the offering is based on 29,262,406 shares of common stock outstanding as of March 24, 2002.

	Shares Beneficially Owned Prior to the Offering(1)			Shares Beneficially Owned After the Offering(1)	
Name	Number	Percent(2)	Shares Being Offered	Number	Percent(2)
Quad-C Partners V, L.P.(3)	12,019,231	41.1%			
Skylark Co., Ltd.(4)	6,900,000	23.6			
Stephen S. Snyder Intervivos Trust(5)	2,301,578	7.9			
Gaishoku System Kenkyujo Company, Ltd. (Gaiken)(6)	2,250,000	7.7			
Hibari Guam Corporation(7)	2,250,000	7.7			
Michael J. Snyder	2,801,576	9.6			
James P. McCloskey(8)	300,000	1.0			
Michael E. Woods(9)	326,087	1.1			
Robert J. Merullo	201,087	*			
Todd A. Brighton	—	—			
Eric C. Houseman(10)	10,000	*			
Tasuko Chino(11)	—	—			
Terrence D. Daniels(12)	—	—			
Edward T. Harvey(13)	—	—			
Gary J. Singer(14)	16,000	*			
Directors and Executive Officers as a group (10 persons)(15)	3,654,750	12.3			

* Represents beneficial ownership of less than one percent (1.0%) of the outstanding shares of our common stock.

(1) This table does not give effect to the early exercise of stock options by certain of our executive officers. See “Related Party Transactions—Option Exercises.”

(2) If a stockholder holds options or other securities that are exercisable or otherwise convertible into our common stock within 60 days of March 24, 2002, we treat the common stock underlying those securities as owned by that stockholder, and as outstanding shares when we calculate the stockholder’s percentage

ownership of our common stock. However, we do not consider that common stock to be outstanding when we calculate the percentage ownership of any other stockholder.

(3) 12,019,231 shares of our common stock are owned of record by RR Investors, LLC. As the sole member of RR Investors, Quad-C Partners V, L.P. has the sole power to vote and dispose of the shares held by RR Investors. Quad-C Advisors V, L.L.C. is the general partner of Quad-C Partners V. Edward T. Harvey, one of our directors, is the president and a director of RR Investors. In addition, Mr. Harvey has an indirect management interest in RR Investors as a holder of a 15.0% membership interest in Quad-C Advisors V. Terrence D. Daniels, one of our other directors, is the vice president and secretary of RR Investors. In addition, Mr. Daniels has an indirect membership interest in RR Investors as a holder of a 40.0% membership interest in Quad-C Advisors V. The address of this stockholder is c/o Quad-C Management, Inc., 230 East High Street, Charlottesville, Virginia 22902.

(4) Includes 2,250,000 shares of common stock held by Hibari Guam Corporation, an indirect wholly owned subsidiary of Skylark Co., Ltd. Skylark Co., Ltd.'s address is Shacho-Shitsu Branch, 16th Floor, Shinjuku Green Tower, 6-14-1 Nishi Shinjuku, Shinjuku, Tokyo 160-0023 Japan.

(5) These shares are beneficially owned by Stephen S. Snyder, as trustee of the Stephen S. Snyder Intervivos Trust. Mr. Snyder's address is 2300 River Road, #17, Yakima, Washington 98902.

(6) Gaishoku System Kenkyujo's address is 1-25-8 Nishikubo, Musashino-shi, Tokyo, 180 Japan.

(7) Hibari Guam Corporation's address is 9999 South Marine Drive, Temuning, Guam 96911.

(8) Consists of 300,000 shares of common stock subject to options exercisable within 60 days of March 24, 2002.

(9) Includes 125,000 shares of common stock subject to options exercisable within 60 days of March 24, 2002.

(10) Consists of 10,000 shares of common stock subject to options exercisable within 60 days of March 24, 2002.

(11) Excludes 2,250,000 shares of common stock held by Gaishoku System Kenkyujo Company, Ltd. Mr. Chino owns approximately 25.0% of the outstanding capital stock of Gaishoku System Kenkyujo and his three brothers own the remaining 75.0% of the outstanding capital stock of Gaishoku System Kenkyujo. Mr. Chino and his three brothers are each members on the board of directors of Gaishoku System Kenkyujo. One of Mr. Chino's brothers is also the president of Gaishoku System Kenkyujo. Mr. Chino disclaims beneficial ownership of these shares.
Also excludes 6,900,000 shares of common stock held by Skylark Co., Ltd. Mr. Chino owns approximately 4.9% of the outstanding capital stock of Skylark. Mr. Chino's three brothers own an additional 14.7% of Skylark's outstanding capital stock. Mr. Chino and his three brothers are each members on the board of directors of Skylark. Mr. Chino disclaims beneficial ownership of these shares.

(12) Excludes 12,019,231 shares of common stock held by RR Investors, LLC and 480,769 shares of common stock held by RR Investors II, LLC. Mr. Daniels is the vice president and secretary of each of RR Investors and RR Investors II and, as such, shares voting and dispositive power as to the shares held by RR Investors and RR Investors II. In addition, Mr. Daniels has an indirect membership interest in RR Investors as a holder of a 40.0% membership interest in Quad-C Advisors V, L.L.C., the general partner of the sole member of RR Investors, Quad-C Partners V, L.P. Mr. Daniels also has a membership interest in RR Investors II equal to 22.5% and his four children collectively own an additional 20.8% of the outstanding membership interests of RR Investors II. Mr. Daniels disclaims beneficial ownership of these shares except to the extent of Mr. Daniels' pecuniary interest therein.

(13) Excludes 12,019,231 shares of common stock held by RR Investors, LLC and 480,769 shares of common stock held by RR Investors II, LLC. Mr. Harvey is the president and a director of each of RR Investors and RR Investors II and, as such, shares voting and dispositive power as to the shares held by RR Investors and RR Investors II. In addition, Mr. Harvey has an indirect membership interest in RR Investors as a holder of a 15.0% membership interest in Quad-C Advisors V, L.L.C., the general partner of the sole member of RR Investors, Quad-C Partners V, L.P. Mr. Harvey also has an indirect membership interest in RR Investors II through High Street Holdings, L.C., in which he is the manager and has an 80.0% ownership interest. Mr. Harvey disclaims beneficial ownership of these shares except to the extent of Mr. Harvey's pecuniary interest therein.

(14) Includes 8,000 shares of common stock subject to options exercisable within 60 days of March 24, 2002.

(15) Includes 443,000 shares of common stock subject to options exercisable within 60 days of March 24, 2002.

DESCRIPTION OF CAPITAL STOCK

Prior to the consummation of this offering and the filing of our amended and restated certificate of incorporation, our authorized capital stock consists of 50,000,000 shares of common stock, $0.001 par value per share, and 1,000,000 shares of preferred stock, $0.001 par value per share. Immediately following the consummation of this offering and the filing of our amended and restated certificate of incorporation, our authorized capital stock will consist of shares of common stock, $0.001 par value per share, and shares of preferred stock, $0.001 par value per share. As of March 24, 2002, there were 29,262,406 shares of common stock outstanding, held of record by 63 stockholders, and options to purchase 4,240,950 shares of common stock.

Common stock

Under our amended and restated certificate of incorporation, the holders of common stock are entitled to one vote per share on all matters to be voted on by the stockholders. After payment of any dividends due and owing to the holders of preferred stock, holders of common stock are entitled to receive dividends declared by the board of directors out of funds legally available for dividends. In the event of our liquidation, dissolution or winding up, holders of common stock are entitled to share in all assets remaining after payment of liabilities and liquidation preferences of outstanding shares of preferred stock. Holders of common stock have no preemptive, conversion, subscription or other rights. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock are, and all shares of common stock to be outstanding upon completion of this offering will be, fully paid and nonassessable.

Preferred stock

In accordance with our amended and restated certificate of incorporation, our board of directors has the authority, without further action by the stockholders, to issue up to 1,000,000 shares of preferred stock. Our board of directors may issue preferred stock in one or more series and may determine the rights, preferences, privileges, qualifications and restrictions granted to or imposed upon the preferred stock, including dividend rights, conversion rights, voting rights, rights and terms of redemption, liquidation preferences and sinking fund terms, any or all of which may be greater than the rights of the common stock. The issuance of preferred stock could adversely affect the voting power of holders of common stock and reduce the likelihood that common stockholders will receive dividend payments and payments upon liquidation. The issuance of preferred stock could also have the effect of decreasing the market price of the common stock and could delay, deter or prevent a change in control of our company. We have no present plans to issue any shares of preferred stock.

Registration rights

Pursuant to a registration rights agreement between us and certain of our stockholders, if at any time we propose to register our common stock under the Securities Act for our own account or the account of any of our stockholders or both, the stockholders party to the registration rights agreement are entitled to notice of the registration and to include registrable shares in the offering, provided that the underwriters of that offering do not limit the number of shares included in the registration. As of March 24, 2002, the stockholders with these registration rights held an aggregate of 28,683,065 shares of our common stock and options to purchase an aggregate of 2,375,000 shares of our common stock. We are required to bear substantially all costs incurred in these registrations, other than underwriting discounts and commissions. The registration rights described above could result in substantial future expenses for us and adversely affect any future equity or debt offerings.

Anti-takeover provisions

Delaware law

We are governed by the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a public Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years after the date of the transaction in which the person became

an interested stockholder, unless the business combination is approved in a prescribed manner. A "business combination" includes mergers, asset sales or other transactions resulting in a financial benefit to the interested stockholder. An "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years, did own) 15.0% or more of the company's voting stock. The statute could delay, defer or prevent a change in control of our company.

Certificate of incorporation and bylaw provisions

Various provisions contained in our amended and restated certificate of incorporation and bylaws could delay or discourage some transactions involving an actual or potential change in control of us or our management and may limit the ability of stockholders to remove current management or approve transactions that stockholders may deem to be in their best interests and could adversely affect the price of our common stock. These provisions:

- authorize our board of directors to establish one or more series of preferred stock, the terms of which can be determined by the board of directors at the time of issuance;
- divide our board of directors into three classes of directors, with each class serving a staggered three-year term. As the classification of the board of directors generally increases the difficulty of replacing a majority of the directors, it may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us and may maintain the composition of the board of directors;
- prohibit cumulative voting in the election of directors unless required by applicable law. Under cumulative voting, a minority stockholder holding a sufficient percentage of a class of shares may be able to ensure the election of one or more directors;
- provide that a director may be removed from our board of directors only for cause, and then only by a supermajority vote of the outstanding shares;
- require that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing;
- state that special meetings of our stockholders may be called only by the chairman of the board of directors, our chief executive officer, by the board of directors after a resolution is adopted by a majority of the total number of authorized directors, or by the holders of not less than 10.0% of our outstanding voting stock;
- provide that the chairman or other person presiding over any stockholder meeting may adjourn the meeting whether or not a quorum is present at the meeting;
- establish advance notice requirements for submitting nominations for election to the board of directors and for proposing matters that can be acted upon by stockholders at a meeting;
- provide that certain provisions of our certificate of incorporation can be amended only by supermajority vote of the outstanding shares, and that our bylaws can be amended only by supermajority vote of the outstanding shares or our board of directors;
- allow our directors, not our stockholders, to fill vacancies on our board of directors; and
- provide that the authorized number of directors may be changed only by resolution of the board of directors.

Listing

We will apply to list our common stock on The Nasdaq Stock Market's National Market under the trading symbol "RRGB."

Transfer agent and registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no market for our common stock. Future sales of substantial amounts of common stock in the public market could adversely affect market prices prevailing from time to time. Upon completion of this offering, we will have outstanding an aggregate of shares of common stock. Of these shares, the shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except that any shares purchased by our "affiliates", as that term is defined in Rule 144 of the Securities Act, may generally only be sold in compliance with the limitations of Rule 144 described below.

Sales of restricted shares

The 29,262,406 shares of common stock held by existing stockholders as of March 24, 2002 are "restricted securities" under Rule 144. The number of shares of common stock available for sale in the public market is limited by restrictions under the Securities Act. We and our directors, officers and all of our existing stockholders and option holders have entered into lock-up agreements with the underwriters pursuant to which we and those holders of stock and options have agreed not to, directly or indirectly, sell, dispose of or hedge any shares of common stock or securities convertible into or exchangeable for shares of common stock without the prior consent of Banc of America Securities LLC for a period of 180 days after the date of this prospectus. This consent may be given at any time without public notice.

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person (or persons whose shares are aggregated) who has beneficially owned restricted shares for at least one year (including the holding period of any prior owner, except if the prior owner was an affiliate) would be entitled to sell within any three-month period a number of shares that does not exceed the greater of: (a) one percent of the number of shares of common stock then outstanding (which will equal approximately shares immediately after the offering); or (b) the average weekly trading volume of the common stock on the Nasdaq National Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale. Sales under Rule 144 are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us. Under Rule 144(k), a person who is not deemed to have been an affiliate of ours at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years (including the holding period of any prior owners except a prior owner who was an affiliate), is entitled to sell its shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144; therefore, unless otherwise restricted, "144(k) shares" could be sold immediately upon the completion of this offering. As of March 24, 2002, an aggregate of approximately 1,934,078 shares qualified as 144(k) shares which are not otherwise restricted.

Registration rights

Upon completion of this offering, holders of 30,858,065 shares of our common stock will be entitled to certain rights with respect to the registration of their shares under the Securities Act. See "Description of Capital Stock—Registration Rights." Except for shares purchased by affiliates, registration of their shares under the Securities Act would result in these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. These stockholders are not permitted to exercise their registration rights for at least six months following this offering.

Stock options

Immediately after this offering, we intend to file a registration statement under the Securities Act covering the shares of common stock reserved for issuance upon exercise of outstanding options. The registration statement is expected to be filed and become effective as soon as practicable after the closing of this offering. Accordingly, shares registered under the registration statement will be available for sale in the open market beginning 90 days after the effective date of the registration statement, except with respect to Rule 144 volume limitations that apply to our affiliates.

U.S. FEDERAL TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following is a general discussion of certain U.S. federal income and estate tax consequences of the acquisition, ownership, and disposition of our common stock purchased pursuant to this offering by a beneficial owner that, for U.S. federal income tax purposes, is a non-U.S. holder. As used in this prospectus, the term "non-U.S. holder" is a person that is not, for U.S. Federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (including any entity treated as a corporation for U.S. tax purposes) or partnership (including any entity treated as a partnership for U.S. tax purposes) created or organized in the United States or under the laws of the United States or of any political subdivision of the United States, other than a partnership treated as foreign under U.S. Treasury regulations;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, in general, if its administration is subject to the primary supervision of a U.S. court and one or more U.S. persons have the authority to control all of its substantial decisions, or if it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

This discussion assumes that you will hold our common stock issued pursuant to this offering as a capital asset within the meaning of the Internal Revenue Code of 1986, as amended, or the Code. This discussion does not address all aspects of taxation that may be relevant to particular non-U.S. holders in light of their personal investment or tax circumstances or to persons that are subject to special tax rules. In particular, this description of U.S. tax consequences does not address:

- U.S. state and local or non-U.S. tax consequences;
- specific facts and circumstances that may be relevant to a particular non-U.S. holder's tax position, including, if the non-U.S. holder is an entity that is treated as a partnership for U.S. tax purposes, the U.S. tax consequences of holding and disposing our common stock may be affected by determinations made at the partner level;
- the tax consequences for the shareholders, partners or beneficiaries of a non-U.S. holder;
- special tax rules that may apply to some non-U.S. holders, including without limitation, banks, insurance companies, financial institutions, broker-dealers, tax-exempt entities, or U.S. expatriates; or
- special tax rules that may apply to a non-U.S. holder that holds our common stock as part of a straddle, hedge or conversion transaction.

This discussion is based on current provisions of the Code, U.S. Treasury regulations, judicial opinions, published positions of the U.S. Internal Revenue Service, or the IRS, and other applicable authorities, all as in effect on the date hereof and all of which are subject to differing interpretations or change, possibly with retroactive effect. We have not sought, and will not seek, any ruling from the IRS or any opinion of counsel with respect to the tax consequences discussed herein, and there can be no assurance that the IRS will not take a position contrary to the tax consequences discussed below or that any position taken by the IRS would not be sustained. Furthermore, this discussion does not give a detailed discussion of any state, local or foreign tax considerations.

We urge you to consult your tax advisor about the U.S. federal tax consequences of acquiring, holding or disposing our common stock, as well as any tax consequences that may arise under the laws of any foreign, state, local or other taxing jurisdiction or under any applicable tax treaty.

Dividends

We do not anticipate paying cash dividends on our common stock in the foreseeable future. If dividends are paid to non-U.S. holders on shares of our common stock, however, such dividends will generally be subject to

withholding of U.S. federal income tax at the rate of 30.0% or such lower rate as may be specified by an applicable income tax treaty. Non-U.S. holders should consult their tax advisors regarding their entitlement to benefits under an applicable income tax treaty and the manner of claiming the benefits of such treaty (including, without limitation, the need to obtain a U.S. taxpayer identification number).

Dividends that are effectively connected with a non-U.S. holder's conduct of a trade or business in the United States, directly or through an entity treated as a partnership for U.S. tax purposes, or, if provided in an applicable income tax treaty, dividends that are attributable to a permanent establishment in the United States, are not subject to the U.S. withholding tax, but instead are subject to U.S. federal income tax on a net income basis at applicable graduated rates. Certain certification and disclosure requirements must be complied with in order for effectively connected income or income attributable to a permanent establishment to be exempt from withholding. Any effectively connected dividends or dividends attributable to a permanent establishment received by a non-U.S. holder that is treated as a foreign corporation for U.S. tax purposes may be subject to an additional "branch profits tax" at a 30.0% rate or such lower rate as may be specified by an applicable income tax treaty.

A non-U.S. holder who claims the benefit of an applicable income tax treaty rate generally will be required to satisfy applicable certification and other requirements. However,

- in the case of common stock held by a foreign partnership, the certification requirement will generally be applied to the partners of the partnership and the partnership will be required to provide certain information;
- in the case of common stock held by a foreign trust, the certification requirement will generally be applied to the trust or the beneficial owners of the trust depending on whether the trust is a "foreign complex trust," "foreign simple trust," or "foreign grantor trust" as defined in the U.S. Treasury regulations; and
- look-through rules will apply for tiered partnerships, foreign simple trusts and foreign grantor trusts.

A non-U.S. holder that is a foreign partnership or a foreign trust is urged to consult its own tax advisor regarding its status under these U.S. Treasury regulations and the certification requirements applicable to it.

A non-U.S. holder that is eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund with the IRS.

Gain on disposition

A non-U.S. holder will generally not be subject to U.S. federal income tax, including by way of withholding, on gain recognized on a sale, exchange or other disposition of our common stock unless any one of the following is true:

1. The non-U.S. holder is a nonresident alien individual who is present in the United States for 183 days or more in the taxable year of the sale, exchange or other disposition and certain other requirements are met;
2. The gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States, directly or through an entity treated as a partnership for U.S. tax purposes and, if an applicable tax treaty requires, attributable to a U.S. permanent establishment of such non-U.S. holder; or
3. Our common stock constitutes a U.S. real property interest by reason of our status as a "U.S. real property holding corporation" for U.S. federal income tax purposes at any time during the shorter of (i) the period during which the non-U.S. holder holds our common stock or (ii) the 5-year period ending

on the date the non-U.S. holder disposes of our common stock. As long as our common stock is regularly traded on an established securities market for tax purposes, our common stock will not be treated as a U.S. real property interest with respect to a non-U.S. holder that has not beneficially owned more than 5.0% of such regularly traded common stock at any time within the five-year period preceding such disposition. We believe that we are a U.S. real property holding corporation and will remain a U.S. real property holding corporation for the foreseeable future. See discussion below.

Non-U.S. holders described in clause (1) above are taxed on their gains (including gains from sales of our common stock and net of applicable U.S. losses from sales or exchanges of other capital assets incurred during the year) at a flat rate of 30.0% or such lower rate as may be specified by an applicable income tax treaty. Non-U.S. holders described in clause (2) or (3) above will be subject to tax on the net gain derived from the sale under regular graduated U.S. federal income tax rates. If a non-U.S. holder described in clause (2) is a corporation, it may be subject to the branch profits tax at a rate equal to 30.0% of its effectively connected earnings and profits or at such lower rate as may be specified by an applicable income tax treaty.

In general, we will be treated as a "U.S. real property holding corporation" if the fair market value of our "U.S. real property interests" equals or exceeds 50.0% of the sum of the fair market value of our worldwide real property interests and our other assets used or held for use in a trade or business. The determination of the fair market value of our assets and, therefore, whether we are a U.S. real property holding corporation at any given time, will depend on the particular facts and circumstances applicable at the time.

However, even if we are or have been a U.S. real property holding corporation, a non-U.S. holder which did not beneficially own, directly or indirectly, more than 5.0% of the total fair market value of our common stock at any time during the shorter of the five-year period ending on the date of disposition or the period that our common stock was held by the non-U.S. holder (a "non-5.0% holder") and which is not otherwise taxed under any other circumstances described above, generally will not be taxed on any gain realized on the disposition of our common stock if, at any time during the calendar year of the disposition, our common stock was regularly traded on an established securities market within the meaning of the applicable U.S. Treasury regulations.

We have applied to have our common stock listed on the NASDAQ. Although not free from doubt, our common stock should be considered to be regularly traded on an established securities market for any calendar quarter during which it is regularly quoted on NASDAQ by brokers or dealers that hold themselves out to buy or sell our common stock at the quoted price. If our common stock were not considered to be regularly traded on NASDAQ at any time during the applicable calendar year, then a non-5.0% holder would be taxed for U.S. federal income tax purposes on any gain realized on the disposition of our common stock on a net income basis as if the gain were effectively connected with the conduct of a U.S. trade or business by the non-5.0% holder during the taxable year and, in such case, the person acquiring our common stock from a non-5.0% holder generally would have to withhold 10.0% of the amount of the proceeds of the disposition. Such withholding may be reduced or eliminated pursuant to a withholding certificate issued by the IRS in accordance with applicable U.S. Treasury regulations. We urge all non-U.S. holders to consult their own tax advisors regarding the application of these rules to them.

U.S. federal estate taxes

Our common stock beneficially owned or treated as beneficially owned by an individual who at the time of death is a non-U.S. holder will be included in his or her estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise and, therefore, may be subject to U.S. federal estate tax.

Information reporting and backup withholding

Under U.S. Treasury regulations, we must report annually to the IRS and to each non-U.S. holder the amount of dividends paid to such non-U.S. holder and the tax withheld with respect to those dividends. These

information reporting requirements apply even if withholding was not required because the dividends were effectively connected dividends or withholding was reduced or eliminated by an applicable tax treaty. Pursuant to an applicable tax treaty, that information may also be made available to the tax authorities in the country in which the non-U.S. holder resides.

The gross amount of dividends paid to a non-U.S. holder that fails to certify its non-U.S. holder status in accordance with applicable U.S. Treasury regulations generally will be reduced by backup withholding at the applicable rate (currently 30.0%, subject to a schedule that reduces the rate over time to 28.0% in 2006).

A non-U.S. holder is required to certify its non-U.S. status in order to avoid information reporting and backup withholding on disposition proceeds where the transaction is effected by or through a U.S. office of a broker.

U.S. information reporting and backup withholding generally will not apply to a payment of proceeds of a disposition of common stock where the transaction is effected outside the United States through a non-U.S. office of a non-U.S. broker. However, information reporting requirements, but not backup withholding, generally will apply to such a payment if the broker is (i) a U.S. person; (ii) a foreign person that derives 50.0% or more of its gross income for certain periods from the conduct of a trade or business in the United States; (iii) a controlled foreign corporation as defined in the Code; or (iv) a foreign partnership with certain U.S. connections, unless the broker has documentary evidence in its records that the holder is a non-U.S. holder and certain conditions are met or the holder otherwise establishes an exemption.

Backup withholding is not an additional tax. Amounts that we withhold under the backup withholding rules may be refunded or credited against the non-U.S. holder's U.S. federal income tax liability if certain required information is furnished to the IRS. Non-U.S. holders should consult their own tax advisors regarding application of backup withholding in their particular circumstance and the availability of and procedure for obtaining an exemption from backup withholding under current U.S. Treasury regulations.

The foregoing discussion is only a summary of certain U.S. federal income and estate tax consequences of the ownership, sale or other disposition of our common stock by non-U.S. holders. You are urged to consult your own tax advisor with respect to the particular tax consequences to you of ownership and disposition of our common stock, including the effect of any U.S., state, local, non-U.S. or other tax laws and any applicable income or estate tax treaty.

UNDERWRITING

We are offering the shares of common stock described in this prospectus through a number of underwriters. Banc of America Securities LLC, U.S. Bancorp Piper Jaffray Inc. and First Union Securities, Inc. are acting as representatives of the underwriters. We have entered into a firm commitment underwriting agreement with the representatives. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of shares of common stock listed next to its name in the following table:

Underwriter	Number of Shares
Banc of America Securities LLC	
U.S. Bancorp Piper Jaffray Inc.	
First Union Securities, Inc.	
Total	

The underwriters initially propose to offer shares to the public at the price specified on the cover page of this prospectus. The underwriters may allow some dealers a concession of no more than $ per share. The underwriters also may allow, and any dealer may reallow, a concession of no more than $ per share to some other dealers. If all the shares are not sold at the initial public offering price, the underwriters may change the offering price and the other selling terms. The common stock is offered subject to a number of conditions, including:

- receipt and acceptance of our common stock by the underwriters, and
- the right to reject orders in whole or in part.

The underwriters have an option to buy up to additional shares of common stock from us and the selling stockholders to cover sales of shares by the underwriters which exceed the number of shares specified in the table above at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus. The underwriters have 30 days from the date of this prospectus to exercise this option. If the underwriters exercise this option, they will each be obligated, subject to certain conditions, to purchase additional shares approximately in proportion to the amounts specified in the table above. If any additional shares are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered. We will pay the expenses associated with the exercise of the over-allotment option.

The underwriting fee is equal to the public offering price per share of the common stock less the amount paid by the underwriters to us per share of common stock. The underwriting fee is % of the initial public offering price. The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	Paid by Red Robin	
	No Exercise	Full Exercise
Per Share		
Total		

	Paid by the Selling Stockholders	
	No Exercise	Full Exercise
Per Share		
Total		

In addition, we estimate that our share of total expenses of this offering, excluding underwriting discounts and commissions, will be approximately $.

We and our directors, officers and all of our existing stockholders and option holders have entered into lock-up agreements with the underwriters pursuant to which we and those holders of stock and options have agreed not to, directly or indirectly, sell, dispose of or hedge any shares of common stock or securities convertible into or exchangeable for shares of common stock without the prior consent of Banc of America Securities LLC for a period of 180 days after the date of this prospectus. This consent may be given at any time without public notice.

We will apply to list our common stock on The Nasdaq National Market under the symbol "RRGB."

We will indemnify the underwriters against some specified types of liabilities, including some liabilities under the Securities Act. If we are unable to provide this indemnification, we will contribute to payments the underwriters may be required to make in respect to those liabilities.

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling shares of common stock in the open market for the purpose of preventing or retarding a decline in the market price of the common stock while this offering is in progress.

These stabilizing transactions may include making short sales of the common stock, which involves the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering, and purchasing shares of common stock on the open market to cover positions created by short sales. Short sales may be "covered" shorts, which are short positions in an amount not greater than the underwriters' over-allotment option referred to above, or may be "naked" shorts, which are short positions in excess of that amount.

The underwriters may close out any covered short position either by exercising their over-allotment option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares through the over-allotment option.

A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchased in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The underwriters may also engage in other activities that stabilize, maintain or otherwise affect the price of the common stock, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase common stock in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those shares as part of this offering to repay the underwriting discount received by them.

As a result of these activities, the price of the common stock may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on The Nasdaq National Market, in the over-the-counter market or otherwise.

The underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of shares of common stock offered by this prospectus.

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be determined by negotiation between us and the representatives. Among the factors considered in those negotiations are:

- the history of, and prospects for, our company and the industry in which we compete,
- the past and present financial performance of our company,
- an assessment of our management,
- the present state of our development,
- the prospects for our future earnings,
- the prevailing market conditions of the applicable United States securities market at the time of this offering,
- market valuations of publicly traded companies that we and the representatives of the underwriters believe to be comparable to our company, and
- other factors deemed relevant.

The estimated initial public offering price set forth on the cover of this prospectus is subject to change as a result of market conditions and other factors.

The underwriters, at our request, have reserved for sale to our employees, business associates and possible other third parties at the initial public offering price up to five percent of the shares being offered by this prospectus. The sale of shares to our employees, business associates and possible other third parties will be made by Banc of America Securities LLC. We do not know if our employees, business associates and possible other third parties will choose to purchase all or any portion of these reserved shares, but any purchases they do make will reduce the number of shares available to the general public. If all of these reserved shares are not purchased, the underwriters will offer the remainder to the general public on the same terms as the other shares offered by this prospectus.

First Union Securities, Inc., one of the underwriters, is an indirect, wholly-owned subsidiary of Wachovia Corporation. Wachovia Corporation conducts its investment banking, institutional and capital markets businesses through its various bank, broker-dealer and nonbank subsidiaries, including First Union Securities, Inc., under the trade name of Wachovia Securities. Any references to Wachovia Securities in this prospectus, however, do not include Wachovia Securities, Inc., member NASD/SIPC and a separate broker-dealer subsidiary of Wachovia Corporation and an affiliate of First Union Securities, Inc., which may or may not be participating as a selling dealer in the distribution of the securities offered by this prospectus.

Certain of the underwriters and their affiliates have in the past provided, and may in the future provide, investment banking and other financial and banking services to us for which they have in the past received, and may in the future receive, customary fees.

LEGAL MATTERS

The validity of the shares of common stock offered in this prospectus will be passed upon for us by O'Melveny & Myers LLP, Newport Beach, California. One of our directors, Gary J. Singer, is a partner of O'Melveny & Myers LLP and owns 8,000 shares of our common stock and options to purchase 8,000 shares of our common stock. Fried, Frank, Harris, Shriver & Jacobson (a partnership including professional corporations), New York, New York, will pass upon certain legal matters in connection with this offering for the underwriters.

EXPERTS

Our financial statements as of December 31, 2000 and December 30, 2001, and for the years ended December 26, 1999, December 31, 2000 and December 30, 2001 included in this prospectus have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein and are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The financial statements of The Snyder Group Company for the year ended December 26, 1999, and for the period December 27, 1999 through May 10, 2000, included in this prospectus and in the registration statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included in reliance upon the authority of said firm as experts in giving said reports.

ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act, with respect to the common stock offered by this prospectus. As permitted by the rules and regulations of the SEC, this prospectus, which is a part of the registration statement, omits various information, exhibits, schedules and undertakings included in the registration statement. For further information pertaining to us and the common stock offered under this prospectus, reference is made to the registration statement and the attached exhibits and schedules. Although required material information has been presented in this prospectus, statements contained in this prospectus as to the contents or provisions of any contract or other document referred to in this prospectus may be summary in nature, and in each instance reference is made to the copy of this contract or other document filed as an exhibit to the registration statement, and each statement is qualified in all respects by this reference.

A copy of the registration statement may be inspected without charge at the public reference facilities maintained by the SEC at the Public Reference Room, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of all or any part of the registration statement may be obtained from the SEC's offices upon the payment of the fees prescribed by the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference facilities. In addition, registration statements and certain other filings made with the commission through its Electronic Data Gathering, Analysis and Retrieval system, including our registration statement and all exhibits and amendments to our registration statement, are publicly available through the SEC's website at www.sec.gov.

After this offering, we will have to provide the information and reports required by the Securities Exchange Act of 1934, as amended, and we will file periodic reports, proxy statements and other information with the Securities and Exchange Commission. Our SEC filings are also available at the office of The Nasdaq National Market. For further information on obtaining copies of our public filings at The Nasdaq National Market you should call (212) 656-5060.

INDEX TO FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders Red Robin Gourmet Burgers, Inc. Greenwood Village, Colorado

We have audited the accompanying consolidated balance sheets of Red Robin Gourmet Burgers, Inc. (the Company) and subsidiaries as of December 30, 2001 and December 31, 2000, and the related consolidated statements of income, stockholders' equity (deficit) and cash flows for the years ended December 30, 2001, December 31, 2000 and December 26, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Red Robin Gourmet Burgers, Inc. and subsidiaries as of December 30, 2001 and December 31, 2000, and the results of their operations and their cash flows for the years ended December 30, 2001, December 31, 2000 and December 26, 1999 in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP
Denver, Colorado
February 19, 2002, except for the third and fourth paragraphs of note 15, as to which the date is April 26, 2002

RED ROBIN GOURMET BURGERS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31, 2000	December 30, 2001
Assets		
Current Assets:		
Cash and cash equivalents	$ 8,316,826	$ 18,992,153
Accounts receivable, net	3,398,531	2,697,197
Inventories	2,607,272	2,745,898
Prepaid expenses and other current assets	1,866,486	2,072,715
Income tax refund receivable	1,045,494	25,379
Deferred tax asset	3,371,444	1,667,165
Restricted current assets—marketing funds	834,121	680,607
Total current assets	21,440,174	28,881,114
Real estate held for sale	3,696,574	842,496
Property and equipment, net	72,159,703	82,451,120
Deferred tax asset	8,172,572	8,652,382
Goodwill, net	23,114,528	22,554,777
Notes receivable—stockholder/officer	300,000	600,000
Other assets, net	12,300,847	11,059,097
Total assets	$ 141,184,398	$ 155,040,986

See Notes to Consolidated Financial Statements.

RED ROBIN GOURMET BURGERS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31, 2000	December 30, 2001
Liabilities and Stockholders' Equity		
Current Liabilities:		
Trade accounts payable	$ 5,004,767	$ 5,669,512
Accrued payroll and payroll-related liabilities	4,951,330	7,254,058
Unredeemed gift certificates	2,237,199	2,341,504
Accrued liabilities	6,209,630	7,200,640
Accrued liabilities—marketing funds	834,121	680,607
Current portion of long-term debt	4,387,221	5,077,515
Total current liabilities	23,624,268	28,223,836
Deferred rent payable	3,761,506	4,229,199
Long-term debt	74,025,280	75,009,577
Commitments and contingencies (note 10)	—	—
Stockholders' Equity:		
Common stock, $.001 par value: 50,000,000 shares authorized; 29,221,394 and 29,261,906 shares issued and outstanding at 2000 and 2001, respectively	29,221	29,262
Preferred stock, $.001 par value: 1,000,000 shares authorized; no shares issued and outstanding	—	—
Additional paid-in capital	53,354,713	53,435,696
Retained earnings (accumulated deficit)	(13,610,590)	(5,886,584)
Total stockholders' equity	39,773,344	47,578,374
Total liabilities and stockholders' equity	$ 141,184,398	$ 155,040,986

See Notes to Consolidated Financial Statements.

RED ROBIN GOURMET BURGERS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended		
	December 26, 1999	December 31, 2000	December 30, 2001
Revenues:			
Restaurant	$ 121,430,239	$ 180,413,546	$ 214,963,264
Franchise royalties and fees	8,248,810	8,247,439	9,002,090
Rent revenue	333,101	509,514	519,408
Total revenues	130,012,150	189,170,499	224,484,762
Costs and Expenses:			
Restaurant operating costs:			
Cost of sales	30,158,666	43,945,312	50,913,947
Labor	43,503,825	64,565,631	74,853,721
Operating	19,429,491	27,959,620	33,194,842
Occupancy	7,997,915	11,519,135	14,785,060
Restaurant closures and impairment	(330,000)	1,302,186	36,359
Depreciation and amortization	5,394,203	8,065,141	10,491,058
General and administrative	13,434,319	17,116,344	16,844,988
Franchise development	2,508,426	3,386,169	3,703,485
Pre-opening costs	770,597	2,506,387	920,845
Total costs and expenses	122,867,442	180,365,925	205,744,305
Income from operations	7,144,708	8,804,574	18,740,457
Other (Income) Expense:			
Interest expense	4,155,967	6,482,028	7,850,101
Interest income	(185,912)	(741,521)	(746,344)
Other	390,971	190,715	190,437
Total other expense	4,361,026	5,931,222	7,294,194
Income before income taxes	2,783,682	2,873,352	11,446,263
(Provision) benefit for income taxes	1,595,989	12,557,195	(3,722,257)
Net income	$ 4,379,671	$ 15,430,547	$ 7,724,006
Net Income Per Share:			
Basic	$ 0.51	$ 0.71	$ 0.26
Diluted	$ 0.51	$ 0.71	$ 0.26
Weighted Average Shares Outstanding:			
Basic	8,617,079	21,587,290	29,247,856
Diluted	8,617,079	21,587,290	29,684,159

See Notes to Consolidated Financial Statements.

RED ROBIN GOURMET BURGERS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

	Common Stock				
	Shares	Amount	Additional Paid-In Capital	Retained Earnings (Deficit)	Total
Balance, December 27, 1998	8,614,675	$ 8,615	$ 14,121,680	$ (33,420,808)	$(19,290,513)
Options exercised for common stock	25,000	25	49,975	—	50,000
Net income	—	—	—	4,379,671	4,379,671
Balance, December 26, 1999	8,639,675	8,640	14,171,655	(29,041,137)	(14,860,842)
Common stock issued, including The Snyder Group Company acquisition and debt retirement, net of offering costs of $1,959,799	20,562,219	20,561	39,144,078	—	39,164,639
Options exercised for common stock	19,500	20	38,980	—	39,000
Net income	—	—	—	15,430,547	15,430,547
Balance, December 31, 2000	29,221,394	29,221	53,354,713	(13,610,590)	39,773,344
Common stock issued	28,012	28	55,996	—	56,024
Options exercised for common stock	12,500	13	24,987	—	25,000
Net income	—	—	—	7,724,006	7,724,006
Balance, December 30, 2001	29,261,906	$29,262	$ 53,435,696	$ (5,886,584)	$ 47,578,374

See Notes to Consolidated Financial Statements

RED ROBIN GOURMET BURGERS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended		
	December 26, 1999	December 31, 2000	December 30, 2001
Cash Flows From Operating Activities:			
Net income	$ 4,379,671	$ 15,430,547	$ 7,724,006
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation and amortization	5,394,203	8,065,141	10,491,058
Loss (gain) on sale of property and equipment	52,252	(61,832)	191,552
Noncash restaurant closure and impairment costs	(330,000)	1,302,186	36,359
Provision for doubtful accounts, net of charge-offs	104,732	1,272,256	698,316
Provision (benefit) for deferred income taxes	(2,186,121)	(13,235,077)	1,224,469
Changes in operating assets and liabilities:			
Accounts receivable	(1,405,280)	(1,981,133)	531,837
Inventories	(347,042)	(1,051,706)	(138,626)
Prepaid expenses and other current assets	(187,668)	(906,078)	(206,229)
Income tax refund receivable	(133,879)	(254,491)	1,020,116
Other assets	(815,424)	345,880	72,192
Trade accounts payable and accrued liabilities	2,509,359	(1,486,592)	3,426,428
Deferred rent payable	272,365	660,741	467,693
Net cash provided by operating activities	7,307,168	8,099,842	25,539,171
Cash Flows From Investing Activities:			
Proceeds from sales of real estate, property and equipment	44,144	1,209,449	2,648,232
Purchases of property and equipment	(16,301,773)	(20,196,996)	(18,675,387)
Purchase of The Snyder Group Company	—	(1,572,900)	(56,024)
Issuance of notes receivable—stockholder/officer	—	(300,000)	(300,000)
Net cash used in investing activities	(16,257,629)	(20,860,447)	(16,383,179)
Cash Flows From Financing Activities:			
Proceeds from issuance of long-term debt	9,500,000	53,133,034	6,376,775
Debt issuance costs	—	(2,052,642)	(459,419)
Amortization of debt issuance costs	32,084	83,882	223,139
Payments of long-term debt and capital leases	(1,100,697)	(48,007,002)	(4,702,184)
Repayment of debentures	—	(9,160,363)	—
Repayment of promissory note	—	(1,799,938)	—
Sale of common stock	50,000	23,704,333	81,024
Net cash provided by financing activities	8,481,387	15,901,304	1,519,335

(Continued)

See Notes to Consolidated Financial Statements.

RED ROBIN GOURMET BURGERS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended		
	December 26, 1999	December 31, 2000	December 30, 2001
Net increase (decrease) in cash and cash equivalents	$ (469,074)	$ 3,140,699	$ 10,675,327
Cash and cash equivalents, beginning of year	5,645,201	5,176,127	8,316,826
Cash and cash equivalents, end of year	$ 5,176,127	$ 8,316,826	$ 18,992,153
Supplemental Disclosures, Including Non-Cash Transactions:			
Interest paid	$ 4,320,276	$ 6,536,349	$ 7,805,576
Income taxes paid, net	$ 590,132	$ 817,102	$ 1,600,000
Note receivable from sale of property	$ —	$ 1,195,121	$ —
Common stock issued for The Snyder Group Company acquisition	$ —	$ 10,960,306	$ 56,024
Common stock issued for debt retirement	$ —	$ 4,500,000	$ —
Debentures and promissory note issued for The Snyder Group Company acquisition	$ —	$ 10,960,301	$ —
Capital lease obligations incurred for equipment purchase	$ 211,513	$ —	$ —

See Notes to Consolidated Financial Statements.

RED ROBIN GOURMET BURGERS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 26, 1999, December 31, 2000 and December 30, 2001

1. Significant Accounting Policies

Nature of the Business—Red Robin Gourmet Burgers, Inc. (RRGB), which was formed as a Delaware corporation in 2001, became the parent of Red Robin International Inc. (RRI), a Nevada corporation, through a series of corporate transactions in 2001. RRGB had no operations prior to merging with RRI. RRGB and its subsidiaries operate Red Robin restaurants from facilities that are owned or leased. Subsidiaries of RRGB also sell franchises and receive royalties from the operation of franchised Red Robin restaurants. At December 30, 2001, there were 77 company-owned restaurants in the United States and 105 franchise-operated restaurants located throughout the United States and Canada. RRGB and subsidiaries also own and lease to third parties certain land, buildings and equipment.

Consolidation—The consolidated financial statements include the accounts of RRGB and its wholly-owned subsidiaries (collectively, the Company). Material intercompany accounts and transactions have been eliminated in consolidation.

Fiscal Year—The Company's fiscal year ends on the last Sunday in December. The Company's fiscal years ended December 26, 1999, December 31, 2000 and December 30, 2001 covered 52, 53 and 52 weeks, respectively. For the purposes of the accompanying consolidated financial statements, the periods ended December 26, 1999, December 31, 2000 and December 30, 2001 are referred to as the fiscal years 1999, 2000 and 2001, respectively.

Cash Equivalents—For purposes of the statement of cash flows, the Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Restricted Current Assets-Marketing Funds—Current assets restricted solely for use by the Company's two marketing fund programs have been segregated from the Company's assets. Certain franchisees and Company restaurants contribute between 0.3% and 0.5% of adjusted sales to each marketing fund to be used for future advertising in accordance with the terms of each program. A liability related to the restricted current assets is recorded when the funds are received.

Inventories—Inventories consist of food, beverages and supplies and are valued at the lower of cost (first-in, first-out method) or market.

Real Estate Held for Sale—Real estate held for sale is recorded at cost, not to exceed net realizable value. Determination of the lower of cost or net realizable value involves subjective judgment, because the actual market value of property can only be determined by negotiation between the parties in a sale transaction. The ultimate recoverability and valuation of these assets is dependent on future events, and the ability to successfully sell these properties is heavily influenced by economic conditions affected by the real estate industry. During 2001, real estate with a carrying value of $2,854,079 was sold resulting in a loss of $4,079.

Property and Equipment—Depreciation on property and equipment is computed on the straight-line method for financial reporting purposes and on the straight-line and accelerated methods for tax purposes, based on the shorter of the estimated useful lives or the terms of the underlying leases of the related assets.

The Company capitalizes interest incurred on funds used to construct property and equipment. Interest capitalized totaled $217,057 in 1999, $327,494 in 2000 and $173,759 in 2001.

Debt Issuance Costs—Direct costs incurred for the issuance of debt are capitalized by the Company and amortized using the interest method over the term of the debt.

RED ROBIN GOURMET BURGERS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Intangible Assets—Intangible assets include franchise rights, workforce, and goodwill which arose in connection with the purchase business combination described in Note 2. Workforce assets are amortized over three years, franchise rights are amortized over 20 years, and goodwill is amortized over 30 years. Accumulated amortization for goodwill totaled $485,479 and $1,279,176 at December 31, 2000 and December 30, 2001, respectively.

Valuation of Long-Lived Assets—In accordance with Statement of Financial Accounting Standards No. 121, *"Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of,"* management assesses for impairment both those assets for which management has committed to a plan of disposal and long-lived assets to be held and used in continuing operations whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company will recognize an impairment loss when the sum of undiscounted expected future cash flows is less than the carrying amount of such assets. The measurement for such an impairment loss is then based on the fair value of the asset as determined by discounted cash flows or appraisals, if available.

Deferred Rent Payable—Deferred rent payable represents rental expense, recorded on a straight-line basis, in excess of actual rental payments.

Revenue Recognition—The Company typically grants franchise rights to private operators for a term of 20 years, with the right to extend the term for an additional ten years if certain conditions are satisfied. The Company provides management expertise, training, pre–opening assistance and restaurant operating assistance in exchange for area development fees, franchise fees, license fees and royalties of 3.0% to 4.0% of the franchised restaurant's adjusted sales. Franchise fee revenue from individual franchise sales is recognized when all material obligations of and initial services to be provided by the Company have been performed, generally upon the opening of the restaurant. Until earned, these fees are accounted for as deferred revenue. Area franchise fees are dependent upon the number of restaurants in the territory as are the Company's obligations under the area franchise agreement. Consequently, as the Company's obligations are met, area franchise fees are recognized proportionately with the opening of each new restaurant. Royalties are accrued as earned, and are calculated each period based on the reporting franchisee's adjusted sales.

Pre-opening Costs—The Company expenses pre-opening costs as incurred.

Income Taxes—The Company recognizes deferred tax liabilities and assets for the future consequences of events that have been recognized in the consolidated financial statements or tax returns of the Company. In the event the future consequences of differences between financial reporting bases and tax bases of the assets and liabilities of the Company result in a deferred tax asset, an evaluation is made of the probability of being able to realize the future benefits indicated by such asset. A valuation allowance related to a deferred tax asset is recorded when it is more likely than not that some portion or all of the deferred tax asset will not be realized. Measurement of the deferred items is based on enacted tax laws.

Employee Stock Compensation Plans—The Company follows Accounting Principles Board Opinion No. 25, *"Accounting for Stock Issued to Employees"* in its accounting for stock based compensation to employees whereby any intrinsic value as determined on the measurement date results in compensation.

Earnings Per Share—Basic earnings per share is computed by dividing net earnings by the weighted average shares outstanding during the reporting period. Diluted earnings per share reflects the potential dilution that could occur if holders of options exercised their options to purchase common stock. The dilutive effect of stock options is calculated using the treasury stock method.

RED ROBIN GOURMET BURGERS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The computations for basic and diluted earnings per share are as follows:

	Year Ended		
	December 26, 1999	December 31, 2000	December 30, 2001
Net earnings	$ 4,379,671	$ 15,430,547	$ 7,724,006
Basic	8,617,079	21,587,290	29,247,856
Dilutive effect of stock options	—	—	436,303
Diluted weighted average shares outstanding	8,617,079	21,587,290	29,684,159
Earnings Per Share:			
Basic	$ 0.51	$ 0.71	$ 0.26
Diluted	$ 0.51	$ 0.71	$ 0.26

New Accounting Pronouncements—On January 1, 2001, the Company adopted SFAS No. 133, *"Accounting for Derivative Instruments and Hedging Activities."* SFAS No. 133, as amended, requires derivative instruments to be recorded in the balance sheet at their fair value with changes in fair value being recognized in earnings unless specific hedge accounting criteria are met. The adoption of SFAS No. 133 in fiscal 2001 did not have a material impact on the Company's financial statements.

In July 2001, the Financial Accounting Standards Board ("FASB") issued SFAS 141, *"Business Combinations."* SFAS 141 requires the purchase method of accounting for business combinations initiated after June 30, 2001, eliminates the pooling-of-interests method and modifies the criteria for recognition of intangible assets. The Company adopted SFAS 141 effective with the beginning of fiscal 2002 and such adoption resulted in the reclassification of the carrying amount of workforce assets totaling approximately $1.2 million to goodwill.

Beginning in fiscal 2002, the Company is subject to SFAS No. 142, *"Goodwill and Other Intangible Assets."* Under the provisions of SFAS No. 142, goodwill and certain intangibles are no longer subject to amortization over their estimated useful life. Instead, impairment is assessed on an annual basis (or more frequently if circumstances indicate a possible impairment) by means of a fair-value-based test. In 2001, the Company had approximately $1,700,000 in amortization related to goodwill and certain intangibles. Beginning with fiscal year 2002 these assets will no longer be amortized. The Company has not assessed the impact of the initial impairment analysis on the financial statements.

In August 2001, the FASB issued SFAS No. 144 *"Accounting for the Impairment or Disposal of Long-Lived Assets."* SFAS No. 144 provides new guidance on the recognition of impairment losses on long-lived assets to be held and used or to be disposed of and also broadens the definition of what constitutes a discontinued operation and how the results of a discontinued operation are to be measured and presented. SFAS No. 144 is effective with the Company's fiscal year beginning in 2002 and is not expected to have a material impact on the Company's financial statements.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Some of the more significant estimates included in the preparation of the financial statements pertain to allowances for doubtful accounts, asset impairments, closed restaurant reserves and workers compensation claims. Actual results could differ from those estimates.

RED ROBIN GOURMET BURGERS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Fair Value of Financial Instruments—The following disclosure of the estimated fair value of financial instruments has been determined using available market information and appropriate valuation methodologies. The carrying amounts of cash and cash equivalents, accounts receivables and accounts payable approximate fair values due to the short-term maturities of these instruments. The fair values of the Company's debt has been estimated using discounted cash flow analyses based on market rates obtained from independent third parties for similar type debt. The carrying amounts and related estimated fair values for the Company's debt is as follows:

	2000		2001	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Term loan	$ 49,633,418	$ 51,267,393	$ 47,303,212	$ 48,096,594
Collateralized notes and capital leases	28,779,083	29,250,346	32,783,880	37,072,602

Concentration of Risk—Financial instruments which potentially subject the Company to concentrations of credit risk are cash equivalents and accounts receivable. The Company attempts to limit its credit risk associated with cash equivalents by placing the Company's financial instruments with major financial institutions. The Company's trade accounts receivable are comprised principally of amounts due from its franchisees. With respect to accounts receivable, the Company limits its credit risk by performing ongoing credit evaluations and, when deemed necessary, requiring letters of credit, guarantees or collateral. Management does not believe significant risk exists in connection with the Company's concentrations of credit at December 30, 2001.

2. Franchise Acquisition

On May 11, 2000, the Company acquired all of the outstanding stock of The Snyder Group Company (SGC), an entity controlled by Mike Snyder, an officer and stockholder of the Company, and partially owned by Mike Woods and Bob Merullo, officers of the Company, in exchange for approximately $9.2 million in debentures, approximately $1.8 million in promissory notes, and 5,480,153 shares of the Company's common stock, valued at $2.00 per share. The purchase price, which included deal costs of approximately $1.6 million, was subject to adjustment based upon SGC's net worth as of the date of closing, as defined. On May 10, 2001, the purchase price was adjusted by $112,048 through the issuance of 28,012 additional shares of the Company's common stock and payment of $56,024. SGC operated 14 restaurants in the states of Colorado and Washington under franchise agreements with the Company. The Company accounted for the transaction as a purchase business combination. The purchase price has been allocated to assets acquired and liabilities assumed based on their fair values at the date of acquisition as follows:

Current assets	$ 735,428
Property and equipment	10,564,947
Intangible assets and goodwill	32,221,211
Other assets	216,071
Liabilities assumed, including long term debt	(20,035,844)
Total	$ 23,701,813

The debentures accrued interest at 10.0% until being repaid in September 2000 in connection with the receipt of proceeds from the $50.0 million loan discussed at Note 8. The promissory notes also accrued interest at 10.0% and were repaid when the Company received proceeds from the $50.0 million loan. In connection with the acquisition, 2.5 million shares of the Company's common stock issued to SGC's stockholders have been placed in escrow to satisfy any adjustments to the purchase price and any claims of indemnity. Forty percent of the escrowed shares were released as of December 30, 2001. Fifty percent of the balance may be released two years

after closing. The remaining balance may be released on the earlier of three years after closing or the closing of the Company's initial public offering (IPO) of common stock. The release of shares by the escrow agent will occur in the absence of any claims of indemnity.

The financial statements for the period after the Company's acquisition of SGC represent the combined operations of the Company and SGC.

The following unaudited pro forma data summarizes the results of operations as if the 2000 acquisition had been completed at the beginning of fiscal year 2000. The pro forma data give effect to actual operating results prior to the acquisition, adjusted to include the estimated pro forma effect of royalties, interest expense, amortization of intangibles and income taxes. These pro forma amounts do not purport to be indicative of the results that would have actually been obtained if the acquisition occurred as of the beginning of the year presented or that may be obtained in the future.

	Year Ended December 31, 2000
Total revenues	$ 204,837,502
Net income	14,184,054
Earnings Per Share:	
Basic	$ 0.49
Diluted	$ 0.49

3. Accounts Receivable

Accounts receivable consists of the following at December 31, 2000 and December 30, 2001:

	2000	2001
Trade receivable due from franchisees	$ 1,794,023	$ 2,498,572
Receivable from landlords	3,024,675	1,530,817
Other	187,416	232,856
	5,006,114	4,262,245
Allowance for doubtful accounts	(1,607,583)	(1,565,048)
Accounts receivable, net	$ 3,398,531	$ 2,697,197

Activity in the allowance for doubtful accounts is as follows:

	1999	2000	2001
Allowance for doubtful accounts, beginning of year	$ 230,595	$ 335,327	$ 1,607,583
Additions	219,404	1,335,776	724,782
Decreases	(114,672)	(63,520)	(767,317)
Allowance for doubtful accounts, end of year	$ 335,327	$ 1,607,583	$ 1,565,048

RED ROBIN GOURMET BURGERS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. Restricted Current Assets – Marketing Funds

Marketing funds consist of the following at December 31, 2000 and December 30, 2001:

	2000	2001
Cash	$ 300,935	$ 161,516
Prepaids	345,971	281,593
Inventory	—	6,036
Accounts receivable from franchisees	187,215	231,462
Restricted current assets-marketing funds	$ 834,121	$ 680,607

5. Property and Equipment

Property and equipment consists of the following at December 31, 2000 and December 30, 2001:

	Estimated Lives	2000	2001
Land		$ 6,880,518	$ 6,880,518
Buildings	15 to 30 years	6,280,339	6,373,239
Furniture, fixtures and equipment	3 to 7 years	39,440,719	46,104,220
Leasehold improvements	Shorter of lease term or life	52,961,926	64,844,180
Restaurant property leased to others	3 to 30 years	8,784,584	8,784,584
Construction in progress		4,938,974	4,450,897
		119,287,060	137,437,638
Accumulated depreciation and amortization		(47,127,357)	(54,986,518)
Property and equipment, net		$ 72,159,703	$ 82,451,120

Based upon management's assessment of long-lived assets, the Company determined that the carrying amounts of certain of its long-lived assets were not recoverable and impairment losses were recognized in 2001 and 2000. The restaurants identified in management's assessment had experienced losses from operations and cash flow losses.

The fair value of the assets to be held and used in continuing operations for which an impairment was recorded was estimated using the present value of estimated expected future cash flows in order to determine the amount of impairment loss.

Restaurant closure costs are mainly comprised of asset writedowns to net realizable value and reserves for closed restaurants (see Note 7). The restaurant closures and impairment costs recognized during the years ended December 26, 1999, December 31, 2000 and December 30, 2001 were $50,000, $1,302,186 and $36,359, respectively. In fiscal year 1999 there was a change in estimate of the fair value less disposal costs of certain assets to be disposed of resulting in a credit of $380,000.

The carrying value of restaurants to be disposed of are $128,076 and $0 at December 31, 2000 and December 30, 2001, respectively.

RED ROBIN GOURMET BURGERS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

6. Other Assets

Other assets consist of the following at December 31, 2000 and December 30, 2001:

	2000	2001
Franchise rights	$ 5,800,000	$ 5,800,000
Workforce	2,530,000	2,530,000
Loan fees	2,454,855	2,630,956
Note receivable	1,195,121	1,050,000
Deposits	322,129	252,009
Liquor licenses	771,723	919,925
Other	59,540	91,732
	13,133,368	13,274,622
Accumulated amortization	(832,521)	(2,215,525)
Other assets, net	$ 12,300,847	$ 11,059,097

The note receivable resulted from the sale of certain property, and was to be paid over five years with monthly payments of $11,545 and a balloon payment due August 2005. Interest is fixed at 10.8%. The note receivable is collateralized by the property sold. In July 2001, the debtor ceased making payments due to financial difficulties and, in February 2002, the property was reacquired in settlement of the note. A loss of $140,851 was recorded in 2001 for the writedown of the note to the fair value of the property.

7. Closed Restaurant Reserve

The Company records a reserve when a decision is made to close a restaurant. The reserve principally consists of real estate brokerage costs for sales of owned property, lease termination fees and lease commitments post closing up to the date of sublease for leased properties. Activity in the closed store reserves account is as follows:

	1999	2000	2001
Closed stores reserves, beginning of year	$ 1,290,983	$ 671,881	$ 354,471
Additions	50,409	169,949	36,359
Decreases	(669,511)	(487,359)	(175,656)
Closed store reserves, end of year	$ 671,881	$ 354,471	$ 215,174

8. Long-Term Debt

Long-term debt consists of the following at December 31, 2000 and December 30, 2001:

	2000	2001
Term loan	$ 49,633,418	$ 47,303,212
Collateralized notes payable and capital leases	28,779,083	32,783,880
	78,412,501	80,087,092
Current portion	(4,387,221)	(5,077,515)
Long-term debt	$ 74,025,280	$ 75,009,577

On September 6, 2000, the Company entered into a term loan agreement to borrow $50.0 million from a lender (term loan). This loan is payable in equal monthly installments of $593,790 with the final payment due September 1, 2012 and bears interest at 9.9%. The term loan is collaterized by certain property and equipment

and the pledge of the stock of RRI. The term loan contains financial and other covenants, including covenants that require the Company to maintain various financial ratios, and restricts the Company's ability to incur indebtedness or to create various liens. The term loan also requires the consent of the lender to engage in mergers or acquisitions, construction of new restaurants, sell assets, enter into certain capital leases or make junior payments, including cash dividends. Additionally, the loan agreement requires that upon the consummation of a qualifying IPO of its common stock, the Company must pay $10.0 million of the principal balance outstanding, all interest accrued on that principal plus a prepayment premium between 1.0% and 4.0% of the payment. As of December 30, 2001, the Company is in compliance with all covenants.

The collateralized notes payable are secured by certain property and equipment of the Company. Under some of these agreements, the Company is required to maintain certain financial ratios. As of December 30, 2001, the Company is in compliance with all covenants. The collateralized notes payable require monthly principal and interest payments through 2016, with a weighted average interest rate of 9.1% at December 30, 2001.

Maturities of long-term debt are as follows:

2002	$ 5,077,515
2003	5,060,889
2004	5,233,094
2005	7,331,474
2006	6,131,984
Thereafter	51,252,136
	$ 80,087,092

9. Income Taxes

The (provision) benefit for income taxes consists of the following for the years ended December 26, 1999, December 31, 2000 and December 30, 2001 is as follows:

	1999	2000	2001
Current:			
Federal	$ (586,121)	$ (670,484)	$ (1,964,493)
State	(4,011)	(7,398)	(533,295)
Deferred:			
Federal	170,758	284,494	(1,104,231)
State	(260,478)	(183,937)	(120,238)
	(679,852)	(577,325)	(3,722,257)
Change in valuation allowance	2,275,841	13,134,520	—
	$ 1,595,989	$ 12,557,195	$ (3,722,257)

During the year ended December 26, 1999, the Company realized benefits from the use of approximately $624,140 of alternative minimum tax operating losses. During the year ended December 31, 2000, the Company realized benefits from the use of approximately $2,615,631 of regular federal tax operating losses.

RED ROBIN GOURMET BURGERS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The reconciliation of income tax (provision) benefit that would result from applying the federal statutory rate to income tax (provision) benefit as shown in the consolidated statements of operations is as follows for the years ended December 26, 1999, December 31, 2000 and December 30, 2001:

	1999	2000	2001
Tax provision at federal statutory rate	$ (946,452)	$ (976,940)	$ (3,891,729)
State income taxes	(244,675)	(271,796)	(806,826)
General business and other tax credits	546,925	804,036	990,556
Other	(35,650)	(132,625)	(14,258)
Change in valuation allowance	2,275,841	13,134,520	—
	$ 1,595,989	$ 12,557,195	$ (3,722,257)

The Company's federal and state deferred taxes consist of the following at December 31, 2000 and December 30, 2001:

	2000	2001
Alternative minimum tax credits	$ 1,113,583	$ 1,445,636
General business and other tax credits	5,306,064	4,708,664
Net operating losses-state	140,142	175,329
Property and equipment basis differences	4,945,324	3,281,582
Deferred rent	1,524,538	1,714,094
Reserves for doubtful accounts, salaries, vacations, insurance and other liabilities	1,147,179	1,411,222
Other, net	403,332	207,419
Workforce basis difference	(815,068)	(473,264)
Franchise rights basis difference	(2,221,078)	(2,151,135)
Net deferred tax asset	$ 11,544,016	$ 10,319,547

During the years ended December 30, 2000 and December 31, 1999, the deferred tax asset valuation allowance decreased by $13,134,520 and $2,275,841, respectively. These decreases are primarily the result of the Company's analysis of the improvement in the likelihood of realizing the future tax benefit of the then existing tax attributes. Realization of the net deferred tax asset is dependent upon profitable operations and future reversals of existing taxable temporary differences. Although realization is not assured, the Company believes it is more likely than not that the net recorded benefits will be realized through the reduction of future taxable income. The amount of the net deferred tax asset considered realizable, however, could be reduced in the near term if actual future taxable income is lower than estimated, or if there are differences in the timing or amount of future reversals of existing taxable temporary differences.

As of December 31, 2001, the Company has state net operating losses totaling approximately $2,685,000 available to reduce future taxes which expire through 2012. Additionally, the Company has federal alternative minimum tax credits of $1,445,636 available with no expiration date. The Company also has general business and other tax credits totaling $4,708,664 available to offset future taxes which expire through 2006.

RED ROBIN GOURMET BURGERS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

10. Commitments and Contingencies

Leasing Activities—The Company leases land, buildings and equipment used in its operations under operating leases. The Company leases two restaurants from stockholders. Rent paid under the restaurant leases with the stockholders was $126,163, $154,952 and $207,415 during fiscal years 1999, 2000, and 2001, respectively. The Company leases two other restaurants from an entity in which a franchisee has an ownership interest. One of these restaurants was acquired as part of the acquisition of SGC. Rent paid under these leases was $417,227 after the date of the SGC acquisition during fiscal 2000 and $621,677 during fiscal 2001.

The operating leases have terms ranging from one year to twenty years and generally contain renewal options which permit the Company to renew the leases at prevailing market rates. Certain equipment leases also include options to purchase equipment at the end of the lease term.

Land and building lease agreements require contingent rentals based on a percentage of stated sales volumes. Certain lease agreements also require the Company to pay maintenance, insurance and property tax costs. Rental expense related to land, building and equipment leases including related parties is as follows:

	1999	2000	2001
Minimum rent	$ 4,757,404	$ 7,220,168	$ 9,593,137
Percentage rent	661,298	1,090,149	944,977
	$ 5,418,702	$ 8,310,317	$ 10,538,114

The Company leases certain of its owned land, buildings and equipment to outside parties under noncancelable operating leases. Cost of the leased land, buildings and equipment at December 31, 2000 and December 30, 2001 was $8,784,584 and related accumulated depreciation was $3,383,743 and $3,634,322, respectively.

Future minimum lease commitments and minimum rental income under all leases as of December 30, 2001 are as follows:

	Capital Leases	Operating Leases	Rental Income
2002	$ 1,905,104	$ 9,675,955	$ 172,500
2003	1,829,233	9,596,992	172,500
2004	1,869,287	9,056,611	172,500
2005	1,914,634	8,540,976	172,500
2006	1,961,257	7,758,591	172,500
Thereafter	18,482,773	62,686,251	980,200
Total	$ 27,962,288	$ 107,315,376	$ 1,842,700
Less amount representing interest at 6.0%–13.4%	(14,710,680)		
Present value of future minimum payments	13,251,608		
Less current portion	442,578		
Long-term capital lease obligation	$ 12,809,030		

As of December 31, 2000 and December 30, 2001, property and equipment included $10,894,769 of assets under capital lease and $1,292,597 and $1,944,502 of related accumulated depreciation, respectively.

RED ROBIN GOURMET BURGERS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Contingencies—In the normal course of business, the Company has various claims in process, matters in litigation and other contingencies. While it is not possible to predict the outcome of these suits, other legal proceedings and claims with certainty, management is of the opinion that adequate provision for potential losses has been made in the consolidated financial statements and that the ultimate resolution of these matters will not have a material adverse effect on the Company's financial position, results of operation or cash flows.

11. Franchise Operations

	1999	2000	2001
Franchise Royalties and Fees:			
Royalty income	$ 7,902,810	$ 7,934,226	$ 8,520,990
Franchise fees	346,000	313,213	481,100
Total franchise royalties and fees	8,248,810	8,247,439	9,002,090
Franchise Development Costs:			
Payroll and employee benefit costs	727,653	1,313,785	1,344,745
General and administrative	1,780,773	2,072,384	2,358,740
Total franchise development costs	2,508,426	3,386,169	3,703,485
Operating income from franchise operations	$ 5,740,384	$ 4,861,270	$ 5,298,605

12. Related Parties

The Snyder Group Company, controlled by an officer and stockholder of the Company, which operated 14 of the Company's franchised restaurants was acquired by the Company in May 2000. Royalty income from these restaurants for the period in fiscal 2000, prior to the date of the SGC acquisition, and for fiscal 1999 totaled $620,450 and $1,561,475, respectively.

Mike Snyder and Bob Merullo, each an officer and a stockholder, have an ownership interest in one of the Company's franchisees, Mach Robin, LLC. Mike Snyder owns 31.0% and Bob Merullo owns 7.0%. The Company recognized franchise and royalty fees from Mach Robin in the amounts of $204,969 in 1999, $415,649 in 2000 and $803,198 in 2001. Mach Robin has a 40.0% ownership interest and a right to share in up to 60.0% of the profits of one of the Company's other franchisees, Red Robin Restaurants of Canada, Ltd. The Company recognized franchise and royalty fees from Red Robin Restaurants of Canada in the amounts of $913,718 in 1999, $940,670 in 2000 and $849,801 in 2001.

In addition, there are also notes receivable from Mike Snyder. As of December 30, 2000 and December 31, 2001, the note balance was $300,000 and $600,000 respectively. The notes receivable—officer/stockholder are unsecured and mature in May 2005. Interest accrues at the greater of 6.6% or prime rate plus 2.0%. Interest is waived if certain financial benchmarks are met.

The Company's indoor plant maintenance supplier, Tropical Interiors, is operated by one of Mike Snyder's brothers, Brad Snyder. The Company paid Tropical Interiors $44,596 in 1999, $152,279 in 2000 and $132,711 in 2001.

13. Stockholders' Equity

On May 11, 2000, the Company sold 12,500,000 newly issued shares of common stock to Quad-C for $2.00 per share. Concurrently with this transaction, the Company entered into a consulting services agreement with Quad-C pursuant to which the Company retained Quad-C to render consulting and advertising services. Fees paid to Quad-C under this agreement were $140,887 in 2000 and $184,615 in 2001. Additionally, as a condition of the stock sale agreement, the Company converted $4.5 million in debt owed to an affiliated company into 2,250,000 shares of the Company's common stock.

In connection with the above transactions, the Company's stockholders entered into a Shareholders' Agreement dated May 11, 2000 whereby, among other matters, each stockholder has agreed to grant a right of first refusal to the Company and to the other stockholders in the event of receipt of an offer to acquire his shares. Additionally, in the event that as of April 30, 2005 the Company has not yet completed an IPO of its stock with gross proceeds of at least $30.0 million and dilution of at least 20.0% to the then outstanding stockholders, each stockholder has the right to compel the Company and the other stockholders to sell shares of the Company's stock held by them or to consummate an IPO.

Stock Compensation Plans—The Company has three stock based compensation plans: the 1990 Incentive Stock Option and Nonqualified Stock Option Plan (the 1990 Stock Plan), the 1996 Stock Option Plan (the 1996 Stock Plan), and the 2000 Management Performance Common Stock Option Plan (the 2000 Plan). The 1990 Stock Plan was amended in 1996 to limit the number of shares to be granted to 700,000 shares of common stock. Stock option awards under the 1990 Stock Plan are granted at fair market value as estimated by the Board of Directors. In September 1996, the Company authorized 950,000 shares of common stock for issuance under its 1996 Stock Plan to key personnel. Pursuant to the original terms of the 1990 and 1996 Stock Plans, all options outstanding became 100.0% vested upon the change in control.

The Company established the 2000 Plan on May 11, 2000. Under the 2000 Plan, options are granted to purchase common stock at the estimated fair market value at the date of grant. Vesting under the plan varies based on the attainment of certain financial results. If not sooner terminated by the Board of Directors, the 2000 Plan shall terminate at the close of business on April 15, 2010. Effective with the approval of the 2000 Stock Plan, the Board of Directors limited the total cumulative available options under all plans at 4,450,000 shares of common stock.

The 2000 Plan reserves 3,282,000 shares of the Company's common stock for option awards to employees. Options to acquire a total of 2,987,600 shares of the Company's common stock have been granted through December 30, 2001 under the 2000 Plan. Of the total, 18,000 were vested at December 30, 2001, 299,250 will vest in 2002, 476,550 will vest in 2003, and 2,193,800 will vest in 2004. Certain financial performance targets, as defined, may accelerate vesting.

RED ROBIN GOURMET BURGERS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

A summary of the status of the Company's three stock based compensation plans as of December 26, 1999, December 31, 2000 and December 30, 2001 and changes during the years then ended is presented below:

	1999		2000		2001	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	1,548,100	$ 2.00	1,565,100	$ 2.00	4,098,100	$ 2.00
Granted	343,500	2.00	2,783,750	2.00	395,500	2.25
Canceled	(301,500)	2.00	(231,250)	2.00	(383,500)	2.00
Exercised	(25,000)	2.00	(19,500)	2.00	(12,500)	2.00
Outstanding at end of year	1,565,100	$ 2.00	4,098,100	$ 2.00	4,097,600	$ 2.02

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123 (SFAS No. 123), Accounting for Stock-Based Compensation. As allowed by SFAS No. 123, the Company did not change to the fair value method of accounting and has continued to use Accounting Principles Board Opinion No. 25 for measurement and recognition of employee stock-based transactions.

Had compensation cost for the Company's three stock-based compensation plans been determined based on the fair value on the dates of awards under those plans consistent with the method of calculation prescribed by SFAS No. 123, the Company's net income would have decreased to the pro forma amounts indicated below:

		1999	2000	2001
Net Income:	As reported	$ 4,379,671	$ 15,430,547	$ 7,724,006
	Proforma	4,192,923	12,963,474	7,379,407
Basic and Diluted Earnings Per Share:	As reported	$ 0.51	$ 0.71	$ 0.26
	Proforma	$ 0.49	$ 0.60	$ 0.25

The fair value of options granted under the Company's stock-based compensation plans was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used: minimum value, no dividend yield, and expected lives of 10 years. The risk free interest rates used were 5.6%, 6.0%, and 5.0% for the fiscal year ended 1999, 2000 and 2001.

At December 30, 2001, there were 18,000 exercisable options to purchase shares of common stock under the 2000 Plan: 1,500 at a price of $2.00 per share and 16,500 at a price of $2.25 per share. Options to purchase 762,000 shares of common stock at a price of $2.00 per share were exercisable under the 1996 Stock Plan, and options to purchase 506,000 shares of common stock at a price of $2.00 per share were exercisable under the 1990 Stock Plan. There were 880,215 and 1,366,100 options to purchase shares of common stock at a price of $2.00 per share exercisable at the end of fiscal years ended 1999 and 2000. The weighted average remaining life for those stock options outstanding at December 30, 2001 was 7.5 years. The average fair value of stock options granted was $0.55, $0.89, and $0.87 per share for the fiscal year ended 1999, 2000, and 2001.

14. Employee Benefit Plan

In 1990, the Company adopted the Red Robin International 401(k) Savings Plan (the Plan) which covers substantially all of its eligible employees. The Plan, which qualifies under Section 401(k) of the Internal Revenue Code, allows employees to defer specified percentages of their compensation (as defined) in a tax-exempt trust.

The Company may make matching contributions in an amount determined by the Board of Directors. In addition, the Company may contribute each year, at its discretion, an additional amount from profits. There were no Company contributions for the years ended 1999, 2000, and 2001.

15. Subsequent Events

On January 14, 2002, RRI acquired all of the outstanding stock of Western Franchise Development, Inc. (WFD) for $6.5 million in cash. The purchase price is subject to adjustment based upon WFD's net worth at the date of closing, as defined. WFD operates six restaurants in Northern California under franchise agreements with the Company. The Company will account for this transaction as a purchase business combination.

On January 28, 2002, RRI acquired the assets of two restaurants in Missouri and Ohio for $2.8 million in cash from a franchisee. On February 11, 2002 RRI assumed operation of a second restaurant in Ohio, which had been subleased by RRI to this franchisee. On February 19, 2002, RRI consummated the purchase of the assets of a third restaurant in Ohio from this same franchisee for approximately $1.0 million in cash.

In April 2002, officers of the Company early exercised options to acquire 2,250,000 shares and exercised fully vested options to acquire 425,000 shares of the Company's common stock. These shares were issued in exchange for full recourse notes totaling $5.4 million, bearing interest at 4.65% with maturity dates ranging from June 26, 2006 to January 29, 2012 or earlier if employment terminates. Shares issued upon the early exercise of options are subject to a right of repurchase at the lower of fair value or issuance price until vested pursuant to the original terms.

In April 2002, RRI entered into a credit agreement with a bank for a revolving credit facility of up to $10.0 million. Amounts up to the maximum may be borrowed and repaid through March 31, 2003, when all outstanding principal will be due, and are collateralized by property at 14 of the Company's restaurants and a fee interest in three properties to be developed in 2002. Loans outstanding under the agreement bear interest at the London Interbank Offered Rate, or LIBOR, plus 3.0%, payable monthly, in arrears. Within 30 days following the consummation of a qualifying IPO, the Company is required to reduce the outstanding balance on this loan to zero for a period of 60 days. Following the end of this 60-day period, the Company is able to reborrow and repay amounts up to the maximum through March 31, 2003. The agreement also requires maximum cash flow leverage ratio, minimum fixed charge coverage ratio, minimum tangible net worth and minimum liquidity requirements be met. This agreement also restricts the Company's ability to incur indebtedness or to create various liens, engage in mergers or acquisitions, sell assets, and enter into non-subordinated debt.

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Arthur Andersen

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders
of The Snyder Group Company:

We have audited the accompanying statement of operations, stockholders' deficit and cash flows of The Snyder Group Company for the year ended December 26, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of The Snyder Group Company for the year ended December 26, 1999 in conformity with accounting principles generally accepted in the United States.

/S/ ARTHUR ANDERSEN LLP

Denver, Colorado,
June 7, 2000.

THE SNYDER GROUP COMPANY

STATEMENT OF OPERATIONS

For the year ended December 26, 1999

Revenue	$ 41,675,004
Costs and expenses:	
Store-	
Salaries and benefits	12,876,697
Cost of products sold	10,482,092
Other controllable costs	5,748,659
Rent, occupancy and related costs	4,782,055
Advertising and promotion	827,580
Depreciation and amortization	1,316,618
Total store costs and expenses	36,033,701
Non-Store-	
General And administrative	4,904,661
Reorganization costs	130,072
Depreciation and amortization	113,307
Total non-store costs and expenses	5,148,040
Total costs and expenses	41,181,741
Income from Operations	493,263
Other Income (Expense):	
Other income (expense)	263,529
Loss on sale of assets	(444,510)
Interest income from related party	94,878
Interest expense	(1,879,110)
Total other expense, net	(1,965,213)
Loss Before Income Taxes and Change in Accounting Principle	(1,471,950)
Income Tax Expense	129,555
Net Loss Before Change in Accounting Principle	(1,601,505)
Change in Accounting Principle	(223,753)
Net Loss	$ (1,825,258)

The accompanying notes to financial statements are an integral part of this statement.

THE SNYDER GROUP COMPANY

STATEMENT OF STOCKHOLDERS' DEFICIT

For the year ended December 26, 1999

	Common Stock		Additional Paid-In Capital	Retained Earnings (Deficit)	Total
	Shares	Amount			
Balances, December 27, 1998	106,487	1,065	138,075	(637,629)	(498,489)
Repurchase of common stock	(4,782)	(48)	(151,952)	—	(152,000)
Capital contribution	—	—	42,400	—	42,400
Net loss	—	—	—	(1,825,258)	(1,825,258)
Balances, December 26, 1999	101,705	$1,017	$ 28,523	$ (2,462,887)	$(2,433,347)

The accompanying notes to financial statements are an integral part of this statement.

THE SNYDER GROUP COMPANY

STATEMENT OF CASH FLOWS

For the year ended December 26, 1999

Cash Flows from Operating Activities:	
Net loss	$ (1,825,258)
Adjustments to reconcile net loss to net cash provided by operating activities-	
Depreciation and amortization	1,789,160
Loss on sale of assets	445,899
Changes in assets and liabilities-	
Increase in current assets	(832,220)
Increase in accounts payable and accrued expenses	2,164,132
Increase in deposits and other non-current assets	(51,265)
Net cash provided by operating activities	1,690,448
Cash Flows from Investing Activities:	
Purchases of property and equipment	(1,904,017)
Proceeds from sale of assets	1,350,000
Net cash used in investing activities	(554,017)
Cash Flows from Financing Activities:	
Repayment of notes payable	(2,185,755)
Draws on debt	1,833,036
Repayments of capital lease obligations	(463,207)
Capital contribution	42,400
Repurchase of common stock	(152,000)
Net cash used in financing activities	(925,527)
Increase in Cash	210,904
Cash, beginning of period	136,103
Cash, end of period	$ 347,007
Supplemental Disclosure of Cash Flow Information:	
Cash paid for interest	$ 1,850,848

The accompanying notes to financial statements
are an integral part of this statement.

THE SNYDER GROUP COMPANY

NOTES TO FINANCIAL STATEMENTS

As of December 26, 1999

1. Organization and Basis of Presentation:

The Snyder Group Company (the "Company") was incorporated in Delaware on March 23, 1990 to engage in the ownership, development and operation of "Red Robin Burger and Spirits Emporiums" ("Red Robin") restaurants. As of December 27, 1998 and December 26, 1999, the Company had thirteen and fourteen operating restaurants, respectively (three in Washington and the remainder in Colorado).

On May 11, 2000, Red Robin International, Inc. acquired all of the outstanding stock of the Company in exchange for approximately $9.16 million in debentures, approximately $1.8 million in promissory notes, and 5,480,152 shares of Red Robin International's common stock, valued at $2 per share. The purchase price is subject to adjustment based upon the Company's net worth as of the date of closing, as defined. The debentures accrue interest at 10% through their maturity on May 11, 2030. A sinking fund contribution equal to the outstanding principal must be made in full the earlier of November 11, 2001 or when Red Robin International receives proceeds from a $50 million loan. The debentures may be redeemed in whole but not in part at the option of Red Robin International after December 31, 2005 at a redemption premium, as defined. The promissory notes accrue interest at 10% and are due at the earlier of November 11, 2001 or when Red Robin International receives proceeds from the $50 million loan. Two million five hundred thousand of Red Robin International's shares issued to the Company's shareholders have been placed in escrow to satisfy any adjustments to the purchase price and any claims of indemnity. Forty percent of the escrowed shares may be released on the earlier of eighteen months after the date of closing or 60 days after the issuance of Red Robin International's fiscal 2000 audited financial statements. Fifty percent of the balance may be released two years after closing. The remaining balance may be released on the earlier of three years after closing or the closing of an initial public offering ("IPO") by Red Robin International.

2. Summary of Significant Accounting Policies:

Fiscal Year

For accounting and reporting purposes, the Company has adopted a fiscal year ending on the last Sunday in December (first Sunday in January), which results in a 52- or 53-week year.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalent

For the purpose of cash flows the Company considers all cash and highly liquid investments with original maturities of three months or less to be cash equivalents.

THE SNYDER GROUP COMPANY

NOTES TO FINANCIAL STATEMENTS—(Continued)

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market and consist primarily of food, beverages and paper supplies.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. The provision for depreciation and amortization has been calculated using the straight-line method. These assets are depreciated over the following useful lives:

Buildings and leasehold improvements	5-20 years
Furniture and equipment	5-10 years
Smallwares	2 years

Intangible Assets

Intangible assets are stated at cost less accumulated amortization and are included in other assets in the Company's balance sheet. The provision for amortization has been calculated using the straight-line method. These assets are amortized using the following useful lives:

License agreements	15-20 years
Goodwill	18 years

Amortization expense was $22,566 for the year ended December 26, 1999.

In April 1998, the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants issued Statement of Position 98-5, "Reporting on the Costs of Start-up Activities" ("SOP 98-5"). SOP 98-5 requires the Company to prospectively expense pre-opening and other start-up costs as incurred effective for fiscal years beginning after December 15, 1998. Restatement of prior periods is not required. Rather, SOP 98-5 must be applied as of the beginning of the fiscal year in which it is first adopted, which is fiscal year 1999 for the Company. Initial application is reported as a cumulative effect of a change in accounting principle. The cumulative effect of the change is approximately $224,000, net of applicable income taxes.

Revenue Recognition

The Company recognizes revenue, gross, upon point of sale of its products to customers. Discounts, employee meals and other promotional allowances are recognized as other controllable costs, and were approximately $708,000 and $781,000 for the years ended December 27, 1998 and December 26, 1999, respectively.

Reorganization Costs

Reorganization costs include direct third-party costs incurred in connection with the evaluation and execution of certain activities performed in anticipation of the sale of the Company (see Note 1). Such costs are expensed as incurred.

THE SNYDER GROUP COMPANY

NOTES TO FINANCIAL STATEMENTS—(Continued)

3. Supplemental Financial Statement Data:

During 1999, the Company entered into a sale/leaseback transaction with the construction lender for the Park Meadow's Red Robin located in Littleton, Colorado. The Company sold the leasehold improvements for an amount equal to the construction loan and executed an operating lease for the improvements of approximately 18.5 years. The Company has recorded a loss of approximately $446,000 for capitalized costs in excess of the construction loan.

4. License Costs:

The Company has entered into License Agreements with Red Robin International, Inc. ("Red Robin International") for its fourteen currently operating stores, including the lease agreement with Snyder Investments, Inc. ("Snyder I") discussed in Note 8. The License Agreements are for periods of fifteen to twenty years, and are renewable by the Company for additional periods of five to twenty years upon refurbishing each existing store, or a substitute location, in compliance with Red Robin International's store specifications then in effect.

The License Agreements currently provide for a one time license fee of $35,000 per restaurant. Red Robin International is also entitled to a continuing royalty and service fee of 4.5% of gross sales, which includes an advertising fund contribution of .5% of gross sales. Gross sales are defined as gross sales less discounts, allowances, customer credits and sales tax collected. In addition, the Company is required to spend 2% of gross sales of each restaurant for advertising. Two officers of the Company personally guarantee payment and performance under currently existing License Agreements with Red Robin International.

5. Capital Stock:

During 1998, the Company formally executed a stock repurchase agreement. Pursuant to the repurchase agreement, during the period January 1, 1997 through December 31, 2002, at its discretion, the Company will make graduated payments to a stockholder. At the end of the six-year period, the stockholder's ownership will be equal to 10% of the outstanding common stock of the Company adjusted for any subsequent issuances. All redemption shares, not previously redeemed, were redeemed immediately prior to the Company being acquired for the consideration set forth in the repurchase agreements.

6. Notes Payable:

The Company had notes payable to various financial intermediaries and individuals with effective interest rates ranging from 7.9% to 25%, due in monthly payments ranging from $793 to $19,520, including interest, maturing from January 2000 through June 2011. One such note payable also requires monthly terminating payments of $2,917, which began in December 1996 and will continue until November 2006. The discounted value of the terminating payments is included in notes payable. Certain of the notes payable are secured by restaurant property and equipment.

Certain of the notes payable discussed above include financial covenants and have been guaranteed by certain officers of the Company. The Company was not in compliance with such financial covenants with respect to one such note as of December 26, 1999. Under the default provisions of the note, the Company could be forced to repay all indebtedness immediately. As of December 26, 1999, approximately $741,000 was outstanding.

7. Advances to Stockholder:

At December 26, 1999, the Company had advanced amounts totaling approximately $1,921,000 to a stockholder. These advances bear interest at the applicable federal rate. Interest only payments are required through December 31, 1999. Beginning January 1, 2000 the advance is to be repaid over 120 months.

THE SNYDER GROUP COMPANY

NOTES TO FINANCIAL STATEMENTS—(Continued)

8. Commitments and Contingencies:

Operating Lease Commitments

The Company leases equipment and restaurant space under various operating leases, which expire through the year 2020. With respect to the Company's restaurant sites, the leases generally contain renewal options and provide that the Company will pay for insurance, taxes and maintenance. Certain restaurant leases also provide for the payment of additional amounts if sales exceed specified levels.

Capital Lease Obligations

As of December 26, 1999, the Company had capital lease obligations for property and equipment associated with five of its restaurants and the corporate office. The leases have remaining terms between 4 months and 16 years, require interest payments at rates varying from 7.4% to 13.9% and are secured by the related property and equipment.

The future minimum lease payments under noncancelable operating and capital leases as of December 26, 1999 are as follows:

	Operating Lease	Capital Lease
Fiscal Year-		
2000	$ 2,085,907	$ 1,221,318
2001	2,041,278	1,055,482
2002	1,945,219	969,841
2003	1,925,677	895,910
2004	1,865,433	921,944
Thereafter	14,366,439	11,607,294
Total future minimum leases	$ 24,229,953	$ 16,671,789
Less—amount representing interest		$ 10,261,914
Present value of net future minimum lease payments		6,409,875
Less—amounts due within one year		322,262
		$ 6,087,613

Certain of the capital leases above include financial covenants and provide for periodic rent increases and renewal options and have been guaranteed by certain officers of the Company.

Rent expense under operating leases totaled approximately $2,217,000 for the year ended December 26, 1999.

Restaurant Lease Agreement with Snyder I

Effective March 25, 1990, the Company entered into an agreement with Snyder I, the owner and operator of a Red Robin restaurant in Yakima, Washington, and a related party of the Company. Pursuant to the terms of the agreement, the Company is leasing the operations of Snyder I over the remaining franchise term, including a 10-year extension as provided for in Snyder I's franchise agreement with Red Robin International, through December 2004. The Company pays a monthly lease payment to Snyder I based on 3% of gross sales, as defined, which totaled $71,010 and $76,000 for the year-ended December 26, 1999 and December 27, 1998, respectively.

THE SNYDER GROUP COMPANY

NOTES TO FINANCIAL STATEMENTS—(Continued)

This payment is offset against debt service payments made by the Company on behalf of Snyder I. The excess of such debt service payments over the cumulative lease payments due is reflected as a receivable from affiliate.

9. Income Taxes:

The Company accounts for income taxes using the asset and liability approach in accordance with the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." The difference between the income tax benefit and that computed using the statutory federal income tax rate is due primarily to state income taxes, certain nondeductible operating expenses and an increase in the valuation allowance on deferred tax assets. The Company did not have any current tax benefit for the year ended December 26, 1999, due to uncertainty as to the realization of remaining available net operating losses and other tax credits. During 1999, the Company paid $129,555 in federal income taxes related to the settlement of prior year obligations. Such payments were expensed during 1999.

10. Related Parties:

The Company's liability and property insurance was purchased from a company that employs a director and shareholder as a broker and officer. Total liability and property insurance premiums paid for the year ended December 26, 1999 were $158,000.

The Company leases an aircraft from a company that is owned by an officer and shareholder. Lease payments for the year ended December 26, 1999 were $130,000.

A director and shareholder of the Company is employed as a consultant pursuant to the Consulting and Stock Redemption Agreement formally executed during 1998. Total payments for the year ended December 26, 1999 were $48,000.

A relative of an officer and shareholder owns a company that performs plant maintenance at the Company's headquarters and several Colorado restaurants. Total payments for the year ended December 26, 1999 were $50,000.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of Red Robin International:

We have audited the accompanying balance sheet of THE SNYDER GROUP COMPANY as of May 10, 2000, and the related statement of operations, stockholders' deficit and cash flow for the period December 27, 1999 through May 10, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Snyder Group Company as of May 10, 2000, and the results of its operations and its cash flows for the period December 27, 1999 through May 10, 2000 in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

Denver, Colorado,
August 18, 2000.

THE SNYDER GROUP COMPANY

BALANCE SHEET

As of May 10, 2000

	2000
Assets	
Current Assets:	
Cash	$ 112,066
Accounts receivable	246,646
Inventory	255,506
Prepaid expenses and other current assets	71,161
Income tax receivable	132,102
Total current assets	817,481
Property and Equipment, net	10,904,798
Receivable From Affiliate	5,074
Advances to Stockholders	1,920,605
Deposits	128,678
Other Assets, net	463,075
Total assets	$ 14,239,711
Liabilities and Stockholders' Deficit	
Current Liabilities:	
Accounts payable	$ 2,203,472
Accrued expenses	5,017,312
Current portion of notes payable	1,454,678
Current portion of capital lease obligations	248,622
Total current liabilities	8,924,084
Notes Payable, net of current portion	2,602,681
Capital Lease Obligations, net of current portion	6,048,517
Total liabilities	17,575,282
Commitments And Contingencies (Note 8)	
Stockholders' Deficit:	
Preferred stock, no par value; 100,000 shares authorized, none issued and outstanding	—
Common stock, $.01 par value; 200,000 shares authorized, 84,214 shares issued and outstanding	842
Additional paid-in capital	(527,302)
Retained (deficit)	(2,809,111)
Total stockholders' deficit	(3,335,571)
Total liabilities and stockholders' deficit	$ 14,239,711

The accompanying notes to financial statements are an integral part of this balance sheet.

THE SNYDER GROUP COMPANY

STATEMENT OF OPERATIONS

For the Period December 27, 1999 Through May 10, 2000

Revenue	$	16,296,336
Costs and Expenses:		
Store-		
Salaries and benefits		4,898,376
Cost of products sold		4,131,860
Other controllable costs		2,185,047
Rent, occupancy and related costs		1,833,921
Advertising and promotion		336,693
Depreciation and amortization		496,809
Total store costs and expenses		13,882,706
Non-store-		
General and administrative		1,531,807
Reorganization costs		420,485
Depreciation and amortization		51,204
Total non-store costs and expenses		2,003,496
Total costs and expenses		15,886,202
Income From Operations		410,134
Other Income (Expense):		
Other expense, net		(149,076)
Interest income from related party		31,025
Interest expense		(748,907)
Total other expense, net		(866,958)
Loss Before Income Taxes		(456,824)
Income Tax Benefit		110,600
Net Loss	$	(346,224)

The accompanying notes to financial statements are
an integral part of this statement.

THE SNYDER GROUP COMPANY

STATEMENT OF STOCKHOLDERS' DEFICIT

For the period December 27, 1999 Through May 10, 2000

	Common Stock		Additional Paid-In Capital	Retained Earnings (Deficit)	Total
	Shares	Amount			
Balances, December 26, 1999	101,705	$1,017	$ 28,523	$ (2,462,887)	$(2,433,347)
Repurchase of common stock	(17,491)	(175)	(555,825)	—	(556,000)
Net loss	—	—	—	(346,224)	(346,224)
Balances, May 10, 2000	84,214	$ 842	$ (527,302)	$ (2,809,111)	$(3,335,571)

The accompanying notes to financial statements are an integral part of this statement.

THE SNYDER GROUP COMPANY

STATEMENT OF CASH FLOWS

For the period December 27, 1999 Through May 10, 2000

Cash Flows from Operating Activities:	
Net loss	$ (346,224)
Adjustments to reconcile net loss to net cash provided by operating activities-	
Depreciation and amortization	548,014
Gain on disposition of assets	(1,249)
Changes in assets and liabilities-	
Decrease in current assets	533,649
Increase in accounts payable and accrued expenses	131,478
Increase in deposits and other non-current assets	(198,045)
Net cash provided by operating activities	667,623
Cash Flows From Investing Activities:	
Purchases of property and equipment	(66,762)
Net cash used in investing activities	(66,762)
Cash Flows from Financing Activities:	
Repayment of notes payable	(167,066)
Repayments of capital lease obligations	(112,736)
Repurchase of common stock	(556,000)
Net cash used in financing activities	(835,802)
Decrease in Cash	(234,941)
Cash, beginning of period	347,007
Cash, end of period	$ 112,066
Supplemental Disclosure of Cash Flow Information:	
Cash paid for interest	$ 672,855

The accompanying notes to financial statements are an integral part of this statement.

THE SNYDER GROUP COMPANY

NOTES TO FINANCIAL STATEMENTS

As of May 10, 2000

1. Organization and Basis of Presentation:

The Snyder Group Company (the "Company") was incorporated in Delaware on March 23, 1990 to engage in the ownership, development and operation of "Red Robin Burger and Spirits Emporiums" ("Red Robin") restaurants. As of May 10, 2000, the Company had fourteen operating restaurants, respectively (three in Washington and the remainder in Colorado).

On May 11, 2000, Red Robin International, Inc. ("Red Robin International") acquired all of the outstanding stock of the Company in exchange for approximately $9.16 million in debentures, approximately $1.8 million in promissory notes, and 5,480,152 shares of Red Robin International's common stock, valued at $2 per share. The purchase price is subject to adjustment based upon the Company's net worth as of the date of closing, as defined. The debentures accrue interest at 10% through their maturity on May 11, 2030. A sinking fund contribution equal to the outstanding principal must be made in full the earlier of November 11, 2001 or when Red Robin International receives proceeds from a $50 million loan. The debentures may be redeemed in whole but not in part at the option of Red Robin International after December 31, 2005 at a redemption premium, as defined. The promissory notes accrue interest at 10% and are due at the earlier of November 11, 200l or when Red Robin International receives proceeds from the $50 million loan. Two million five hundred thousand of Red Robin International's shares issued to the Company's shareholders have been placed in escrow to satisfy any adjustments to the purchase price and any claims of indemnity. Forty percent of the escrowed shares may be released on the earlier of eighteen months after the date of closing or 60 days after the issuance of Red Robin International's fiscal 2000 audited financial statements. Fifty percent of the balance may be released two years after closing. The remaining balance may be released on the earlier of three years after closing or the closing of an initial public offering ("IPO") by Red Robin International.

The accompanying financial statements do not contain adjustments to reflect any changes in the basis of assets and liabilities that may be made as a result of the acquisition by Red Robin International.

2. Summary of Significant Accounting Policies:

Reporting Period

For the purpose of these statements, the reporting period is from December 27, 1999 through May 10, 2000.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of cash flows the Company considers all cash and highly liquid investments with original maturities of three months or less to be cash equivalents.

THE SNYDER GROUP COMPANY

NOTES TO FINANCIAL STATEMENTS—(Continued)

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market and consist primarily of food, beverages and paper supplies.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. The provision for depreciation and amortization has been calculated using the straight-line method. These assets are depreciated over the following useful lives:

Buildings and leasehold improvements	5-20 years
Furniture and equipment	5-10 years
Smallwares	2 years

Intangible Assets

Intangible assets are stated at cost less accumulated amortization and are included in other assets in the Company's balance sheet. The provision for amortization has been calculated using the straight-line method. The assets are amortized using the following useful lives:

License agreements	15-20 years
Goodwill	18 years

Amortization expense was $8,083 for the period from December 27, 1999 through May 10, 2000.

Revenue Recognition

The Company recognizes revenue, gross, upon point of sale of its products to customers. Discounts, employee meals and other promotional allowances are recognized as other controllable costs, and were approximately $330,000 for the period December 27, 1999 through May 10, 2000.

Reorganization Costs

Reorganization costs include direct third-party costs incurred in connection with evaluation and execution of certain activities performed in anticipation of the sale of the Company (see Note 1). Such costs are expensed as incurred.

THE SNYDER GROUP COMPANY

NOTES TO FINANCIAL STATEMENTS—(Continued)

3. Supplemental Financial Statement Data:

Property and equipment at May 10, 2000 consisted of the following:

Land	$	1,189,883
Buildings and leasehold improvements		9,051,336
Furniture and equipment		8,593,752
Smallwares		279,231
Less-Accumulated depreciation and amortization		(8,209,404)
Total property and equipment, net	$	10,904,798

Other assets at May 10, 2000 consisted of the following:		
License agreements	$	345,000
Goodwill		134,777
Cash surrender of insurance policies		247,002
Less-Accumulated amortization		(263,704)
Total other assets, net	$	463,075

4. License Costs:

The Company has entered into License Agreements with Red Robin International for its fourteen currently operating stores, including the lease agreement with Snyder Investments, Inc. (“Snyder I”) discussed in Note 8. The License Agreements are for periods of fifteen to twenty years, and are renewable by the Company for additional periods of five to twenty years upon refurbishing each existing store, or a substitute location, in compliance with Red Robin International’s store specifications then in effect.

The License Agreements currently provide for a one time license fee of $35,000 per restaurant. Red Robin International is also entitled to a continuing royalty and service fee of 4.5% of gross sales, which includes an advertising fund contribution of .5% of gross sales. Gross sales are defined as gross sales less discounts, allowances, customer credits and sales tax collected. In addition, the Company is required to spend 2% of gross sales of each restaurant for advertising. Two officers of the Company personally guarantee payment and performance under currently existing License Agreements with Red Robin International.

5. Capital Stock:

During 1998, the Company formally executed a stock repurchase agreement. Pursuant to the repurchase agreement, during the period January 1, 1997 through December 31, 2002, at its discretion, the Company will make graduated payments to a stockholder. At the end of the six-year period, the stockholder’s ownership will be equal to 10% of the outstanding common stock of the Company adjusted for any subsequent issuances. All redemption shares, not previously redeemed, were redeemed immediately prior to the Company being acquired for the consideration set forth in the repurchase agreements.

6. Notes Payable:

The Company had notes payable to various financial intermediaries and individuals with effective interest rates ranging from 7.9% to 25%, due in monthly payments ranging from $793 to $19,520, including interest, maturing from January 2001 through June 2011. One such note payable also requires monthly terminating payments of $2,917 which began in December 1996 and will continue until November 2006. The discounted

THE SNYDER GROUP COMPANY

NOTES TO FINANCIAL STATEMENTS—(Continued)

value of the terminating payments is included in notes payable. Certain of the notes payable are secured by restaurant property and equipment.

Following is a schedule of annual aggregate maturities of notes payable for the fiscal years subsequent to May 10, 2000:

2001	$	1,454,678
2002		432,271
2003		442,539
2004		327,471
2005		242,407
Thereafter	$	1,157,993
Total	$	4,057,359

Certain of the notes payable above include financial covenants and have been guaranteed by certain officers of the Company. The Company was not in compliance with such financial covenants with respect to one such note as of May 10, 2000. Under the default provisions of the note, the Company could be forced to repay all indebtedness immediately. As of May 10, 2000, approximately $741,000 was outstanding under the note, and is all included in the current portion of notes payable in the accompanying financial statements.

7. Advances to Stockholder:

At May 10, 2000, the Company had advanced amounts totaling approximately $1,921,000 to a stockholder. Beginning January 1, 2000 the advance was to be repaid over 120 months. As of May 10, 2000 interest only payments had been made on the outstanding balance.

8. Commitments and Contingencies:

Operating Lease Commitments

The Company leases equipment and restaurant space under various operating leases, which expire through the year 2020. With respect to the Company's restaurant sites, the leases generally contain renewal options and provide that the Company will pay for insurance, taxes and maintenance. Certain restaurant leases also provide for the payment of additional amounts if sales exceed specified levels.

Capital Lease Obligations

As of May 10, 2000, the Company had capital lease obligations for property and equipment associated with five of its restaurants and the corporate office. The leases have remaining terms between 1 month and 16 years, require interest payments at rates varying from 7.4% to 13.9% and are secured by the related property and equipment.

THE SNYDER GROUP COMPANY

NOTES TO FINANCIAL STATEMENTS—(Continued)

The future minimum lease payments under noncancelable operating and capital leases as of May 10, 2000 are as follows:

	Operating Lease	Capital Lease
May 11, 2000—May 10, 2001	$ 2,159,606	$ 1,154,586
May 11, 2001—May 10, 2002	1,993,352	978,124
May 11, 2002—May 10, 2003	1,961,475	981,097
May 11, 2003—May 10, 2004	1,899,477	906,677
May 11, 2004—May 10, 2005	1,644,095	933,031
Thereafter	13,009,584	11,214,072
Total future minimum leases	$ 22,667,589	$ 16,167,587
Less—amount representing interest		$ 9,870,448
Present value of net future minimum lease payments		6,297,139
Less—amounts due within one year		248,622
		$ 6,048,517

Certain of the capital leases above include financial covenants and provide for periodic rent increases and renewal options and have been guaranteed by certain officers of the Company.

Rent expense under operating leases totaled approximately $846,000 for the period ended May 10, 2000.

Restaurant Lease Agreement with Snyder I

Effective March 25, 1990, the Company entered into an agreement with Snyder I, the owner and operator of a Red Robin restaurant in Yakima, Washington, and a related party of the Company. Pursuant to the terms of the agreement, the Company is leasing the operations of Snyder I over the remaining franchise term, including a 10-year extension as provided for in Snyder I's franchise agreement with Red Robin International, through December 2004. The Company pays a monthly lease payment to Snyder I based on 3% of gross sales, as defined, which totaled $29,100 for the period-December 27, 1999 through May 10, 2000. This payment is offset against debt service payments made by the Company on behalf of Snyder I. The excess of such debt service payments over the cumulative lease payments due is reflected as a receivable from affiliate on the accompanying balance sheet.

9. Income Taxes

The Company accounts for income taxes using the asset and liability approach in accordance with the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." The difference between the income tax benefit and that computed using the statutory federal income tax rate is due primarily to state income taxes, certain nondeductible operating expenses and an increase in the valuation allowance on deferred tax assets.

The Company has net operating losses of approximately $350,000, which expire in 2014. These amounts may be carried forward to offset income taxes due in future periods. The utilization of any such carryforward is limited due to the change of control following the acquisition by Red Robin International. As of May 10, 2000 the Company's deferred tax assets and liabilities represent income taxes at enacted statutory rates on temporary differences which primarily result from accelerated depreciation methods, certain expenses which are not yet

THE SNYDER GROUP COMPANY

NOTES TO FINANCIAL STATEMENTS—(Continued)

deductible for tax purposes and net operating loss carry forwards. Due to the losses incurred through 2000, the net deferred tax asset has been reserved. Following is a summary of the Company's deferred tax assets and liabilities at May 10, 2000:

	2000
Deferred tax assets:	
Net operating loss carryforwards	130,550
Accrued liabilities	165,771
Total deferred tax assets	296,321
Valuation Allowance	(246,446)
Deferred tax liabilities:	
Property and equipment	(49,875)
Total deferred tax liabilities	(49,875)

During the period from December 27, 1999 through May 10, 2000, the Company realized a current tax benefit of $110,600 related to the utilization of net operating losses to recover income taxes paid in prior years.

10. RELATED PARTIES:

The Company's liability and property insurance was purchased from a company that employs a director and shareholder as a broker and officer. Total liability and property insurance premiums paid for the period December 27, 1999 through May 10, 2000 were $53,000.

The Company leases an aircraft from a company that is owned by an officer and shareholder. Lease payments for the period December 27, 1999 through May 10, 2000 were $50,000.

A director and shareholder of the Company is employed as a consultant pursuant to the Consulting and Stock Redemption Agreement formally executed during 1998. Per the agreement, the Company is required to make monthly payments commencing January 1, 1997 through December 31, 2002. However, prior to sale of the Company assets all remaining compensation due under this agreement was required to be paid. Total payments for the period December 27, 1999 through May 10, 2000 were $144,000.

A relative of an officer and shareholder owns a company that performs plant maintenance at the Company's headquarters and several Colorado restaurants. Total payments for the period December 27, 1999 through May 10, 2000 were $25,600.

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Shares

Common Stock

Prospectus

, 2002

Banc of America Securities LLC

U.S. Bancorp Piper Jaffray

Wachovia Securities

Until , 2002, all dealers that buy, sell or trade the common stock may be required to deliver a prospectus regardless of whether they are participating in the offering. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other expenses of issuance and distribution

The following table sets forth all expenses payable by Red Robin Gourmet Burgers, Inc. (the "Registrant") in connection with the sale of the common stock being registered. All of the amounts shown are estimates, except for the SEC registration fee, the NASD filing fee and the Nasdaq National Market listing application fee.

	Amount to Be Paid
Registration fee	$ 5,520
NASD filing fee	6,500
Nasdaq National Market listing application fee	*
Blue sky qualification fees and expenses	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees	*
Miscellaneous	*
Total	$ *

* To be completed by amendment.

Item 14. Indemnification of officers and directors

Under Section 145 of the Delaware General Corporation Law, the Registrant has broad powers to indemnify its directors and officers against liabilities they may incur in such capacities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act").

The Registrant's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws include provisions to (i) eliminate the personal liability of its directors and officers for monetary damages resulting from breaches of their fiduciary duty to the extent permitted by Section 102(b)(7) of the General Corporation Law of Delaware (the "Delaware Law") and (ii) require the Registrant to indemnify its directors and officers to the fullest extent permitted by Section 145 of the Delaware Law, including circumstances in which indemnification is otherwise discretionary. Pursuant to Section 145 of the Delaware Law, a corporation generally has the power to indemnify its present and former directors, officers, employees and agents against expenses incurred by them in connection with any suit to which they are or are threatened to be made, a party by reason of their serving in such positions so long as they acted in good faith and in a manner they reasonably believed to be in or not opposed to, the best interests of the corporation and with respect to any criminal action, they had no reasonable cause to believe their conduct was unlawful. The Registrant believes that these provisions are necessary to attract and retain qualified persons as directors and officers. These provisions do not eliminate the directors' duty of care, and, in appropriate circumstances, equitable remedies such as injunctive or other forms of non-monetary relief will remain available under Delaware Law. In addition, each director will continue to be subject to liability for breach of the director's duty of loyalty to the Registrant, for acts or omissions not in good faith or involving intentional misconduct, for knowing violations of law, for acts or omissions that the director believes to be contrary to the best interests of the Registrant or its stockholders, for any transaction from which the director derived an improper personal benefit, for acts or omissions involving a reckless disregard for the director's duty to the Registrant or its stockholders when the director was aware or should have been aware of a risk of serious injury to the Registrant or its stockholders, for acts or omissions that constitute an unexcused

pattern of inattention that amounts to an abdication of the director's duty to the Registrant or its stockholders, for improper transactions between the director and the Registrant and for improper distributions to stockholders and loans to directors and officers. The provision also does not affect a director's responsibilities under any other law, such as the federal securities law or state or federal environmental laws.

The Registrant has entered into indemnification agreements with certain directors and executive officers and intends to enter into indemnification agreements with all of its other directors and executive officers prior to the consummation of the offering. Under these agreements, the Registrant will indemnify its directors and executive officers against amounts actually and reasonably incurred in connection with actual or threatened proceedings if any of them may be made a party because of their role as a director or officer. The Registrant is obligated to pay these amounts only if the officer or director acted in good faith and in a manner that he or she reasonably believed to be in or not opposed to the Registrant's best interests. For any criminal proceedings, the Registrant is obligated to pay these amounts only if the officer or director had no reasonable cause to believe his or her conduct was unlawful. The indemnification agreements also set forth procedures that will apply in the event of a claim for indemnification thereunder.

At present, there is no pending litigation or proceeding involving a director or officer of the Registrant as to which indemnification is being sought nor is the Registrant aware of any threatened litigation that may result in claims for indemnification by any officer or director.

The Registrant intends to apply for an insurance policy covering the officers and directors of the Registrant with respect to certain liabilities, including liabilities arising under the Securities Act or otherwise.

Reference is made to the indemnification and contribution provisions of the Underwriting Agreement filed as an exhibit to this Registration Statement.

Item 15. Recent sales of unregistered securities

Sales of Securities by Red Robin Gourmet Burgers, Inc.

1. On January 17, 2001, the Registrant issued 1,000 shares of its common stock to Red Robin International, Inc., a Nevada corporation ("RRI"), in exchange for $1,000 in cash. The sale and issuance of the securities described in this paragraph were exempt from the registration requirements of the Securities Act by reason of Section 4(2) of the Securities Act as a transaction not involving a public offering.

2. On August 9, 2001, the Registrant effected a corporate reorganization (the "Reorganization") in the form of a merger pursuant to which RRI became a wholly owned subsidiary of the Registrant. Pursuant to the Reorganization, each previously issued and outstanding share of common stock of the Registrant was cancelled and retired, and each outstanding share of common stock of RRI was converted into an equal number of shares of the common stock of the Registrant. The issuance of securities described in this paragraph was exempt from the registration requirements of the Securities Act by reason of Section 4(2) of the Securities Act as a transaction not involving a public offering.

3. On the effective date of the Reorganization, the Registrant assumed all obligations of RRI under outstanding options that had previously been issued by RRI pursuant to RRI's 1990 Stock Option Plan (the "1990 Plan"), 1996 Stock Option Plan (the "1996 Plan") and 2000 Management Performance Common Stock Option Plan (the "2000 Plan"). Options to purchase an aggregate of 4,081,000 shares of RRI common stock were automatically converted into options to purchase a like number of shares of the Registrant's common stock. RRI had initially granted these options at exercise prices ranging from $2.00 to $2.25 per share to key employees, officers and directors of RRI. The vesting of all options granted pursuant to the 1990 Plan and the 1996 Plan were fully vested and exercisable prior to the Reorganization. The vesting of a majority of the options granted pursuant to the 2000 Plan occurred over a three-year period, with 50% vesting on the second anniversary of the

grant date and the remainder on the third anniversary of the grant date. Vesting of the remainder of the options granted pursuant to the 2000 Plan either (a) is dependent upon the Registrant meeting certain performance targets, or (b) occurs over a period of time ranging from immediately to seven years following their respective dates of grant. The grant of these stock options was exempt from the registration requirements of the Securities Act pursuant to Rule 701 under the Securities Act for securities sold pursuant to certain compensatory benefit plans and contracts relating to compensation. Alternatively, the grant of securities described in this paragraph was exempt from the registration requirements of the Securities Act by reason of Section 4(2) of the Securities Act as a transaction not involving a public offering.

4. Following the Reorganization, the Registrant granted options to purchase an aggregate of 330,350 shares of common stock pursuant to the 2000 Plan. A majority of these options vest over a three-year period, with 50% vesting on the second anniversary of the grant date and the remainder on the third anniversary of the grant date. Vesting of the remainder of these options either (a) is dependent upon the Registrant meeting certain performance targets, or (b) occurs over a period of time ranging from immediately to four years following their respective dates of grant. The grant of these stock options was exempt from the registration requirements of the Securities Act pursuant to Rule 701 under the Securities Act for securities sold pursuant to certain compensatory benefit plans and contracts relating to compensation. Alternatively, the grant of securities described in this paragraph was exempt from the registration requirements of the Securities Act by reason of Section 4(2) of the Securities Act as a transaction not involving a public offering.

5. On February 12, 2002, the Registrant sold 500 shares of its common stock to Amy Hadje for $1,000 pursuant to the exercise of stock options. The sale and issuance of securities described in this paragraph were exempt from the registration requirements of the Securities Act pursuant to Rule 701 under the Securities Act for securities sold pursuant to certain compensatory benefit plans and contracts relating to compensation.

6. On April 25, 2002, the Registrant sold 1,500,000 shares of its common stock to Mike Snyder, the chief executive officer of the Registrant, upon the exercise of stock options. Mr. Snyder paid the exercise price for the stock options to the Registrant in the form of a full recourse promissory note in the principal amount of $3.0 million. The sale and issuance of securities described in this paragraph were exempt from the registration requirements of the Securities Act pursuant to Rule 701 under the Securities Act for securities sold pursuant to certain compensatory benefit plans and contracts relating to compensation. Alternatively, the issuance of securities described in this paragraph was exempt from the registration requirements of the Securities Act by reason of Section 4(2) of the Securities Act as a transaction not involving a public offering.

7. On April 25, 2002, the Registrant sold 500,000 shares of its common stock to Jim McCloskey, the chief financial officer of the Registrant, upon the exercise of stock options. Mr. McCloskey paid the exercise price for the stock options to the Registrant in the form of full recourse promissory notes in the aggregate principal amount of $1,050,000. The sale and issuance of securities described in this paragraph were exempt from the registration requirements of the Securities Act pursuant to Rule 701 under the Securities Act for securities sold pursuant to certain compensatory benefit plans and contracts relating to compensation. Alternatively, the issuance of securities described in this paragraph was exempt from the registration requirements of the Securities Act by reason of Section 4(2) of the Securities Act as a transaction not involving a public offering.

8. On April 25, 2002, the Registrant sold 425,000 shares of its common stock to Mike Woods, the senior vice president of franchise development of the Registrant, upon the exercise of stock options. Mr. Woods paid the exercise price for the stock options to the Registrant in the form of full recourse promissory notes in the aggregate principal amount of $850,000. The sale and issuance of securities described in this paragraph were exempt from the registration requirements of the Securities Act pursuant to Rule 701 under the Securities Act for securities sold pursuant to certain compensatory benefit plans and contracts relating to compensation. Alternatively, the issuance of securities described in this paragraph was exempt from the registration requirements of the Securities Act by reason of Section 4(2) of the Securities Act as a transaction not involving a public offering.

9. On April 25, 2002, the Registrant sold 250,000 shares of its common stock to Bob Merullo, the senior vice president of restaurant operations of the Registrant, upon the exercise of stock options. Mr. Merullo paid the exercise price for the stock options to the Registrant in the form of a full recourse promissory note in the principal amount of $500,000. The sale and issuance of securities described in this paragraph were exempt from the registration requirements of the Securities Act pursuant to Rule 701 under the Securities Act for securities sold pursuant to certain compensatory benefit plans and contracts relating to compensation. Alternatively, the issuance of securities described in this paragraph was exempt from the registration requirements of the Securities Act by reason of Section 4(2) of the Securities Act as a transaction not involving a public offering.

Sales of Securities by Red Robin International, Inc.

1. On February 1, 2000, RRI sold 25,000 shares of its common stock to Beverly Udhus for $50,000 pursuant to the exercise of stock options. The sale and issuance of securities described in this paragraph were exempt from the registration requirements of the Securities Act pursuant to Rule 701 under the Securities Act for securities sold pursuant to certain compensatory benefit plans and contracts relating to compensation.

2. On May 11, 2000, RRI acquired The Snyder Group Company by means of a merger in exchange for 5,480,153 shares of its common stock, approximately $9.2 million in debentures and approximately $1.8 million in notes issued to the stockholders of The Snyder Group Company pursuant to an Agreement and Plan of Merger, dated February 18, 2000, among RRI, Red Robin Holding Co., Inc., The Snyder Group Company and the stockholders of The Snyder Group Company (the "Merger Agreement"). In connection with this transaction, on May 10, 2001, RRI issued an additional 28,012 shares of its common stock and paid an additional $18,284 in cash and $37,740 in debentures to the stockholders of The Snyder Group Company as an adjustment to the merger consideration in accordance with the terms of the Merger Agreement. The sale and issuance of securities described in this paragraph were exempt from the registration requirements of the Securities Act by virtue of Section 4(2) of the Securities Act and Regulation D thereunder.

3. On May 11, 2000, RRI sold an aggregate of 12,500,000 shares of its common stock to RR Investors, LLC and RR Investors II, LLC for $25.0 million pursuant to a Stock Subscription Agreement, dated February 18, 2000, among RRI, RR Investors and RR Investors II. The sale and issuance of securities described in this paragraph were exempt from the registration requirements of the Securities Act by virtue of Section 4(2) of the Securities Act and Regulation D thereunder.

4. On May 11, 2000, RRI sold an aggregate of 2,250,000 shares of its common stock to Hibari Guam Corporation in exchange for the satisfaction, forgiveness and cancellation of a promissory note executed by RRI in favor of Hibari Guam in the principal amount of $4.5 million pursuant to a Common Stock Subscription Agreement, dated May 11, 2000, between RRI and Hibari Guam. The sale and issuance of securities described in this paragraph were exempt from the registration requirements of the Securities Act by virtue of Section 4(2) of the Securities Act and Regulation D thereunder.

5. On May 31, 2000, RRI sold an aggregate of 67,905 shares of its common stock to Larry Kingen for $135,810, 11,474 shares of its common stock to Martha Kingen for $22,948, 32,782 shares of its common stock to Peter Beck for $65,564 and 67,905 shares of its common stock to Gregory Hubert for $135,810 pursuant to a Common Stock Subscription Agreement, dated December 29, 1986, among Skylark Co., Ltd., Mr. Kingen, Ms. Kingen, Mr. Beck, Mr. Hubert and Gerald Kingen. The sale and issuance of securities described in this paragraph were exempt from the registration requirements of the Securities Act by virtue of Section 4(2) of the Securities Act and Regulation D thereunder.

6. On June 7, 2000, RRI sold 7,000 shares of its common stock to Gary J. Singer for $14,000 pursuant to the exercise of stock options. The sale and issuance of securities described in this paragraph were exempt from the registration requirements of the Securities Act pursuant to Rule 701 under the Securities Act for securities

sold pursuant to certain compensatory benefit plans and contracts relating to compensation. Alternatively, the issuance of securities described in this paragraph was exempt from the registration requirements of the Securities Act by reason of Section 4(2) of the Securities Act as a transaction not involving a public offering.

7. On June 30, 2000, RRI sold 10,000 shares of its common stock to Michael Gage for $20,000 pursuant to the exercise of stock options. The sale and issuance of securities described in this paragraph were exempt from the registration requirements of the Securities Act pursuant to Rule 701 under the Securities Act for securities sold pursuant to certain compensatory benefit plans and contracts relating to compensation.

8. On October 11, 2000, RRI sold 5,900 shares of its common stock to John Baxter for $11,800, 4,750 shares of its common stock to Merle Switzer for $9,500, 2,400 shares of its common stock to Lawrence Brown for $4,800, 10,250 shares of its common stock to Joe Marsh for $20,500, 7,100 shares of its common stock to Ben Hsu for $14,200, 7,100 shares of its common stock to Graham Fitch for $14,200, 2,400 shares of its common stock to Scott Switzer for $4,800, and 61,450 shares of its common stock to Marcus Zanner for $122,900 pursuant to common stock subscription agreements between RRI and each purchaser. The sale and issuance of securities described in this paragraph were exempt from the registration requirements of the Securities Act by virtue of Section 4(2) of the Securities Act and Regulation D thereunder.

9. On November 22, 2000, RRI sold 2,500 shares of its common stock to Robert Derian for $5,000 pursuant to the exercise of stock options. The sale and issuance of securities described in this paragraph were exempt from the registration requirements of the Securities Act pursuant to Rule 701 under the Securities Act for securities sold pursuant to certain compensatory benefit plans and contracts relating to compensation.

10. On December 21, 2000, RRI sold 11,900 shares of its common stock to April Downing-Eriksen for $23,800, 2,500 shares of its common stock to Gary Piercey for $5,000, 4,750 shares of its common stock to George Kohn for $9,500, 2,000 shares of its common stock to Joe Empens for $4,000, 2,400 shares of its common stock to John McKay for $4,800, 5,950 shares of its common stock to John Hilliard, Jr. for of $11,900, 2,000 shares of its common stock to John McCormack for $4,000, 2,500 shares of its common stock to Katelyn Marie Kingen for $5,000, 11,900 shares of its common stock to Lynn Brecht for $23,800, and 4,750 shares of its common stock to Slam Co., Inc. for $9,500 pursuant to common stock subscription agreements between RRI and each purchaser. The sale and issuance of securities described in this paragraph were exempt from the registration requirements of the Securities Act by virtue of Section 4(2) of the Securities Act and Regulation D thereunder.

11. On February 5, 2001, RRI sold 100 shares of its common stock to Paul Rennemeyer for $200 pursuant to the exercise of stock options. The sale and issuance of securities described in this paragraph were exempt from the registration requirements of the Securities Act pursuant to Rule 701 under the Securities Act for securities sold pursuant to certain compensatory benefit plans and contracts relating to compensation.

12. On March 22, 2001, RRI sold 500 shares of its common stock to Heidi McNatt for $1,000 pursuant to the exercise of stock options. The sale and issuance of securities described in this paragraph were exempt from the registration requirements of the Securities Act pursuant to Rule 701 under the Securities Act for securities sold pursuant to certain compensatory benefit plans and contracts relating to compensation.

13. On April 23, 2001, RRI sold 5,000 shares of its common stock to Craig Russell for $10,000 pursuant to the exercise of stock options. The sale and issuance of securities described in this paragraph were exempt from the registration requirements of the Securities Act pursuant to Rule 701 under the Securities Act for securities sold pursuant to certain compensatory benefit plans and contracts relating to compensation.

14. On May 11, 2001, RRI sold 6,900 shares of its common stock to Matthew Cohen for $13,800 pursuant to the exercise of stock options. The sale and issuance of securities described in this paragraph were exempt from the registration requirements of the Securities Act pursuant to Rule 701 under the Securities Act for securities sold pursuant to certain compensatory benefit plans and contracts relating to compensation.

Item 16. Exhibits and financial statement schedule

(a) Exhibits.

Exhibit Number	Description of Document
1.1*	Form of Underwriting Agreement.
2.1	Agreement and Plan of Merger, dated February 18, 2000, by and among Red Robin International, Inc., Red Robin Holding Co., Inc., The Snyder Group Company and the stockholders of The Snyder Group Company.
2.2*	Closing Agreement and Amendment to Merger Agreement, entered into as May 11, 2000, by and among Red Robin International Inc., Red Robin Holding Co., Inc., The Snyder Group Company and the stockholders of The Snyder Group Company.
2.3	Memorandum Agreement, dated May 10, 2001, by and among The Snyder Group Company, Red Robin International, Inc., Red Robin West, Inc., Rodney Bench, as trustee of that certain Trust Indenture Agreement, dated May 11, 2000, by and among Red Robin International, Inc., Rodney Bench and Bunch Grass Leasing, LLC. Filed as Exhibit 10.16.
2.4	Agreement and Plan of Merger, dated January 23, 2001, by and among Red Robin International, Inc., Red Robin Gourmet Burgers, Inc. and Red Robin Merger Sub, Inc.
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10.19	Second Amendment to Loan Instruments, dated as of January 31, 2002, by and among Red Robin Gourmet Burgers, Inc., Red Robin International, Inc. Red Robin Distributing Company, Inc., Red Robin West, Inc., Red Robin of Baltimore County, Inc., Red Robin of Montgomery County, Inc., Red Robin of Anne Arundel County, Inc., Western Franchise Development, Inc., Finova Capital Corporation and certain other financial institutions from time to time party thereto.
10.20 *	Form of Indemnification Agreement entered into by and between Red Robin Gourmet Burgers, Inc. and each of our directors and executive officers.
10.21	Master Loan Agreement, dated November 3, 2000, by and between Red Robin and General Electric Capital Business Asset Funding Corporation.
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21.1	List of Subsidiaries.
23.1	Consent of Deloitte & Touche LLP, Independent Auditors.
23.2	Consent of Arthur Andersen LLP, Independent Auditors.
23.3*	Consent of O'Melveny & Myers LLP. Reference is made to Exhibit 5.1.
24.1	Power of Attorney. Reference is made to page II-10.

* To be filed by amendment.

** Confidential treatment has been requested for a portion of this Exhibit.

(b) Financial statement schedules.

All schedules are omitted because they are not required, are not applicable or the information is included in our financial statements or notes thereto.

Item 17. Undertakings

The Registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Greenwood Village, County of Arapahoe, State of Colorado, on April 25, 2002.

By: /s/ MICHAEL J. SNYDER

Michael J. Snyder
Chairman of the Board, President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Michael J. Snyder and James P. McCloskey, and each of them, as his true and lawful attorneys-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place, and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments, exhibits thereto and other documents in connection therewith) to this Registration Statement and any subsequent registration statement filed by the registrant pursuant to Rule 462(b) of the Securities Act of 1933, as amended, which relates to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agent, or any of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/S/ MICHAEL J. SNYDER **Michael J. Snyder**	Chairman of the Board, President, Chief Executive Officer and Director *(Principal Executive Officer)*	April 25, 2002
/s/ JAMES P. MCCLOSKEY **James P. McCloskey**	Chief Financial Officer *(Principal Financial Officer)*	April 25, 2002
/s/ EDWARD T. HARVEY **Edward T. Harvey**	Director	April 22, 2002
/s/ TERRENCE D. DANIELS **Terrence D. Daniels**	Director	April 25, 2002
/s/ GARY J. SINGER **Gary J. Singer**	Director	April 23, 2002
/s/ TASUKO CHINO **Tasuko Chino**	Director	April 25, 2002

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* To be filed by amendment.

** Confidential treatment has been requested for a portion of this Exhibit.

==========

Exhibit 2.1

AGREEMENT AND PLAN OF MERGER

AMONG

RED ROBIN INTERNATIONAL, INC.,

RED ROBIN HOLDING CO., INC.,

THE SNYDER GROUP COMPANY

AND

THE STOCKHOLDERS OF THE SNYDER GROUP COMPANY

Dated as of February 18, 2000

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EXHIBITS

SCHEDULES

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "Agreement") dated as of February 18, 2000, is made by and among RED ROBIN INTERNATIONAL, INC., a Nevada corporation ("Buyer"), RED ROBIN HOLDING CO., INC., a Nevada corporation ("Sub"), THE SNYDER GROUP COMPANY, a Delaware corporation (the "Company"), Stephen S. Snyder, Louise Snyder and the stockholders of the Company set forth on Exhibit A (Stephen S. Snyder, Louise Snyder and the stockholders of the Company set forth on Exhibit A are collectively referred to herein as the "Stockholders").

RECITALS

A. Buyer and the Company have agreed to merge the Company with and into Sub, a direct wholly-owned subsidiary of Buyer (the "Merger"), upon the terms and subject to the conditions set forth in this Agreement and in accordance with the Nevada General Corporation Law (the "NGCL") and the Delaware General Corporation Law (the "DGCL").

B. The respective Boards of Directors of Buyer, Sub and the Company have determined that the Merger is in the best interests of their respective stockholders.

C. Buyer, Sub, the Company and the Stockholders desire to make representations, warranties, covenants and agreements in connection with the Merger and also to prescribe various conditions to the Merger.

D. For federal income tax purposes, the parties intend that the Merger qualify as a reorganization within the meaning of Section 368(a)(2)(D) of the Internal Revenue Code.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties and agreements herein contained, the parties hereto agree as follow:

ARTICLE I
DEFINITIONS

1.1 Definitions. The following terms, as used herein, have the following meanings:

"Action" means any complaint, claim, prosecution, indictment, action, suit, arbitration, investigation, governmental audit, inquiry or proceeding by or before any Governmental Authority.

"Adjusted Stockholder's Equity" has the meaning set forth in Section 2.9(b)(i)(A).

"Affiliate" of a Person means a Person who, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person.

"Assets" means all of the Company's or any of the Company's Subsidiaries' right, title and interest in and to all properties, assets and rights of any kind, whether tangible or intangible, real or personal, owned by the Company or any of its Subsidiaries or in which the Company or any of its Subsidiaries has any interest whatsoever.

"Audited Financial Statements" shall have the meaning set forth in Section 3.9.

"Basis" means any past or present fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act or transaction that forms or could reasonably be expected to form the basis for any specified consequence.

"Benefit Arrangement" means any employment, consulting, severance or other similar contract, arrangement or policy and each plan, arrangement, program or agreement providing for insurance coverage (including, without limitation, any self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits, retirement benefits, severance benefits, life, health or accident benefits (including, without limitation, any "voluntary employees' beneficiary association" as defined in Section 501(c)(9) of the Internal Revenue Code providing for the same or other benefits), "fringe benefits" or other perquisites (including, but not limited to, benefits related to any Company reimbursed or leased airplanes, automobiles, clubs, childcare, parenting, sabbatical, sick leave or other benefits) or for deferred compensation, profit-sharing, bonuses, stock options, stock appreciation rights, stock purchases or other forms of incentive compensation or post-retirement insurance, compensation or benefits which (i) is not a Welfare Plan, Pension Plan or Multiemployer Plan, (ii) is entered into, maintained, contributed to or required to be contributed to, as the case may be, by the Company or any of its Subsidiaries or any ERISA Affiliate or under which

the Company, any Subsidiary or any ERISA Affiliate may incur any liability, and (iii) covers any employee or former employee, current or former leased employee, current or former consultant or independent contractor of the Company, any Subsidiary or any ERISA Affiliate (with respect to their relationship with any such entity).

"Books and Records" means all books, records, lists, ledgers, files, reports, plans, drawings and operating records of every kind (in any form or medium) relating to the Company and its Subsidiaries, the Assets, Business operations, customers, suppliers and personnel, including (i) all corporate books and records of the Company and its Subsidiaries, disk or tape files, printouts, runs or other computer-based information and the Company and its Subsidiaries' interest in all computer programs required to access, and the equipment containing, all such computer-based information, (ii) all product, business and marketing plans, (iii) all environmental control records, (iv) all sales, maintenance and production records, (v) equipment warranty information, (vi) litigation files, (vii) customer and supplier lists and information and (viii) personnel records.

"Breaching Party" shall have the meaning set forth in Section 10.2.

"Business" means the operation as a franchisee of the "Red Robin" casual restaurant dining business conducted by the Company and its Subsidiaries and the development, administration, management and support thereof.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in Richmond, Virginia, Denver, Colorado or New York, New York are authorized by Law to close.

"Buyer Common Stock" means the common stock, par value $.001, of Buyer.

"Buyer Indemnified Parties" has the meaning set forth in 9.2(a).

"Capitalized Leases" means any lease of which the Company or any of its Subsidiaries is the lessee which is required to be capitalized on the balance sheet in accordance with GAAP.

"Cash Merger Consideration" has the meaning set forth in Section 2.8(a)(ii).

"Certificate" has the meaning set forth in Section 2.10(a)

"Claim Notice" has the meaning set forth in Section 9.4(a).

"Closing" has the meaning set forth in Section 2.2.

"Closing Balance Sheet" has the meaning set forth in Section 2.9(b).

"Closing Date" has the meaning set forth in Section 2.2.

"Closing Stock Value" means $2.00 per share of Buyer Common Stock, as proportionately adjusted from time to time for any stock dividends, stock splits, reverse stock splits, reclassifications or events of a similar nature affecting the shares of Buyer Common Stock after the Effective Time.

"Company" means The Snyder Group Company, a Delaware corporation.

"Company's Accountants" means the accountants of the Company from the Denver, Colorado office of Arthur Andersen, LLP.

"Company Common Stock" means the common stock, $.01 par value, of the Company.

"Company Schedules" has the meaning set forth in Section 6.20.

"Contract" means any agreement, contract, lease, note, loan, evidence of indebtedness, purchase order, letter of credit, franchise agreement, undertaking, covenant not to compete, employment agreement, license, instrument and other executory commitment to which the Company or any of its Subsidiaries is a party and which relates to the Business or any of the Assets of the Company and its Subsidiaries, whether oral or written, and which pursuant to its terms has not expired, terminated or been fully performed by the parties thereto.

"Controlled Group Liability" means any and all liabilities under (i) Title IV of ERISA, (ii) Section 302 of ERISA, (iii) Sections 412 or 4971 of the Internal Revenue Code, (iv) the continuation coverage requirements of Sections 601 et seq. of ERISA and Section 4980B of

the Internal Revenue Code, (v) the group health plan requirements of Section 701 et seq. of ERISA, Section 4980D of the Internal Revenue Code and Section 9801 et seq. of the Internal Revenue Code and (vi) the disclosure and reporting requirements of Sections 101 et seq. of ERISA, other than such liabilities that arise solely out of, or relate solely to, employees or former employees of the Company or any of its Subsidiaries.

"Covered Liabilities" means any and all debts, losses, liabilities, claims, fines, royalties, deficiencies, damages, Actions, obligations, payments (including those arising out of any demand, assessment, settlement, judgment or compromise relating to any Action), reasonable costs (including costs of mitigation) and reasonable expenses (including interest and penalties due and payable with respect thereto and reasonable attorneys' and accountants' fees and any other reasonable out-of-pocket expenses incurred in investigating, preparing, defending, avoiding or settling any Action or in investigating, preserving or enforcing another party's obligations hereunder), including any of the foregoing arising under, out of or in connection with any Action, order or consent decree of any Governmental Authority or award of any arbitrator of any kind, or any law, rule, regulation, contract, commitment or undertaking, but excluding consequential damages suffered or incurred by an indemnified party.

"DGCL" has the meaning set forth in the recitals herein.

"Debenture" means the obligations of Buyer evidenced by certain debenture certificates substantially in the form of Exhibit H and subject to the Indenture, in the principal amount of the Debenture Merger Consideration elected by the Stockholders pursuant to Section 2.8.

"Debenture Merger Consideration" has the meaning set forth in Section 2.8(a)(ii).

"Decrees" has the meaning set forth in Section 3.8.

"Dispute Notice" has the meaning set forth in Section 2.9(b).

"Effective Time" has the meaning set forth in Section 2.3.

"Employee Plans" means all Benefit Arrangements, Multiemployer Plans, Pension Plans and Welfare Plans.

"Employment Agreement" means the employment agreement entered into by and between Michael J. Snyder and Buyer substantially in the form of Exhibit E.

"Encumbrance" means any claim, lien, pledge, option, charge, easement, security interest, deed of trust, mortgage, right-of-way, encroachment, conditional sales agreement, encumbrance or other right of third parties, whether voluntarily incurred or arising by operation of law, and includes any agreement to give any of the foregoing in the future, and any contingent sale or other title retention agreement or lease in the nature thereof.

"Environmental Laws" means all applicable federal, state, local and foreign laws, all rules or regulations promulgated thereunder, and all orders, consent orders, judgments, notices, permits or demand letters issued, promulgated or entered pursuant thereto, relating to

pollution or protection of the environment (including ambient air, surface water, ground water, land surface, or subsurface strata), including (i) laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, industrial materials, wastes or other substances into the environment and (ii) laws relating to the identification, generation, manufacture, processing, distribution, use, treatment, storage, disposal, recovery, transport or other handling of pollutants, contaminants, chemicals, industrial materials, wastes or other substances, in each case as in effect on the Closing Date. By way of example only, Environmental Laws include the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), the Toxic Substances Control Act, as amended, the Hazardous Materials Transportation Act, as amended, the Resource Conservation and Recovery Act, as amended ("RCRA"), the Clean Water Act, as amended, the Safe Drinking Water Act, as amended, the Clean Air Act, as amended, the Atomic Energy Act of 1954, as amended, the Occupational Safety and Health Act, as amended, and all analogous laws promulgated or issued by any state or other governmental authority.

"Environmental Permit" means a License or Permit issued under or

with respect to an Environmental Law.

"Environmental Reports" means any and all written reports or analyses in the possession of the Company or any of its Subsidiaries, of (i) Hazardous Emissions, Handling Hazardous Substances or any environmental conditions in, on or about the properties of the Company or any of its Subsidiaries or (ii) the Company's or its Subsidiaries' compliance with Environmental Laws.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any entity which is (or at any relevant time was) a member of a "controlled group of corporations" with, under "common control" with, or a member of an "affiliated service group" with, or otherwise required to be aggregated with, the Company or any of its Subsidiaries as set forth in Section 414(b), (c), (m) or (o) of the Internal Revenue Code.

"Escrow Agent" means Harris Trust Company of California, the escrow agent under the Escrow Agreement.

"Escrow Agreement" means that certain escrow agreement to be entered into by and among Buyer, Sub, the Stockholders and the Escrow Agent at the Closing, substantially in the form of Exhibit J.

"Escrow Assets" means 2,500,000 shares of Buyer Common Stock received by the Stockholders in connection with the consummation of the Merger which shall be deposited in an escrow account and any and all distributions of stock or any securities of Buyer Common Stock issued in respect thereof (including, without limitation, any shares issued pursuant to any stock dividend, stock split, reverse stock split, combination or reclassification thereof) and any cash substituted for such shares of Buyer Common Stock in accordance with the terms and conditions set forth in the Escrow Agreement, but excluding any cash dividends or other

property distributed in respect of Buyer Common Stock and interest paid in respect of cash substituted for any shares of Buyer Common Stock.

"Estimated Closing Balance Sheet" means the unaudited pro forma balance sheet of the Company attached hereto as Exhibit F.

"Facilities" means all restaurants, commissaries, offices, manufacturing facilities, stores, warehouses, administration buildings and all real property owned or leased by the Company or any of its Subsidiaries.

"Final Determination" has the meaning set forth in Section 9.4(f).

"Fixtures and Equipment" means all of the furniture, fixtures, furnishings, machinery, equipment, spare parts, supplies, appliances, vehicles and other tangible personal property owned by the Company or any of its Subsidiaries, wherever located (including any of the foregoing purchased subject to any conditional sales agreement or title retention agreement in favor of any other Person), including all warranty rights with respect thereto.

"Fully-Diluted Basis" means, without duplication, all outstanding Company Common Stock and all Company Common Stock issuable upon exercise of options, warrants, convertible or exchangeable securities or other similar instruments or rights.

"GAAP" means generally accepted accounting principles in the United States of America, as in effect from time to time, consistently applied.

"Governmental Authority" means any federal, state, local, foreign, court or tribunal, governmental, regulatory or administrative agency, department, bureau, authority or commission or arbitral panel.

"Handling Hazardous Substances" has the meaning set forth in Section 3.6(a).

"Hazardous Emissions" has the meaning set forth in Section 3.6(a).

"Hazardous Substances" means all pollutants, contaminants, chemicals, wastes, and any other carcinogenic, ignitable, corrosive, reactive, toxic or otherwise hazardous substances or materials (whether solids, liquids or gases) subject to regulation, control or remediation under Environmental Laws. By way of example only, the term Hazardous Substances includes petroleum, urea formaldehyde, flammable, explosive and radioactive materials, PCBs, pesticides, herbicides, asbestos, sludge, slag, acids, metals, solvents and waste waters.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"indemnified party" has the meaning set forth in Section 9.4(a).

"indemnifying party" has the meaning set forth in Section 9.4(a).

"Indenture" means that certain agreement of trust between Buyer and the Trustee, substantially in the form of Exhibit I, for the benefit of the Stockholders who accept Merger Consideration in the form of Debentures.

"Intellectual Property" means all trade names (including the trade names "Red Robin International, Inc." and "America's Gourmet Burgers & Spirits"), trademarks and service marks, patents, patent rights, copyrights, whether domestic or foreign, (as well as applications, registrations or certificates for any of the foregoing), inventions, trade secrets, proprietary processes, operating manuals, software and other industrial and intellectual property rights.

"Interim Financial Statements" has the meaning set forth in Section 3.9.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

"Inventory" means all inventories of food and beverages, paper, supplies and raw materials, wherever located (including items in transit).

"Laws" has the meaning set forth in Section 3.8.

"Lease" means a Real Property Lease or a Personal Property Lease.

"Leased Real Property" has the meaning set forth in Section 3.13(b)(i).

"Letter of Intent" has the meaning set forth in Section 6.5.

"Licenses and Permits" means all registrations, applications, filings, certifications, notices, orders, licenses, permits, approvals, consents, qualifications, authorizations and waivers of any Governmental Authority, but does not include Environmental Permits.

"Material Adverse Effect" or "Material Adverse Change" means as to any Person any material adverse effect on or material adverse change with respect to (A) the business, operations, assets, liabilities, condition (financial or otherwise,) or results of operations of such Person and its Subsidiaries, taken as a whole, or (B) the right or ability of such Person or any of its Subsidiaries to consummate the transactions contemplated hereby.

"Material Contract" has the meaning set forth in Section 3.18.

"Merger" has the meaning set forth in the recitals herein.

"Merger Agreement" has the meaning set forth in Section 2.2.

"Merger Consideration" means the aggregate of the Stock Merger Consideration, Debenture Merger Consideration and Cash Merger Consideration issued or delivered to the Stockholders pursuant to Section 2.8.

"Multiemployer Plan" means any "multiemployer plan," as defined in Section 4001(a)(3) or 3(37) of ERISA, which (i) the Company, any Subsidiary or any ERISA Affiliate maintains, administers, contributes to or is required to contribute to, maintained, administered,

contributed to or was required to contribute to, or under which the Company, any Subsidiary or any ERISA Affiliate may reasonably be expected to incur any material liability which has not been fully satisfied as of the date hereof and (ii) covers any employee or former employee of the Company, any Subsidiary or any ERISA Affiliate (with respect to their relationship with any such entity).

"Multiple Employer Plan" means any plan that has two or more contributing sponsors, at least two of whom are not under common control, within the meaning of Section 4063 of ERISA.

"NGCL" has the meaning set forth in the recitals herein.

"Pension Plans" means any "employee pension benefit plan" as defined in Section 3(2) of ERISA (other than a Multiemployer Plan) which (i) the Company, any Subsidiary or any ERISA Affiliate maintains, administers, contributes to or is required to contribute to, or, within the five years prior to the Closing Date, maintained, administered, contributed to or was required to contribute to, or under which the Company, any Subsidiary or any ERISA Affiliate

may reasonably be expected to incur any liability (including, without limitation, any contingent liability) and (ii) covers any employee or former employee, current or former leased employee, current or former consultant or independent contractor of the Company, any Subsidiary or any ERISA Affiliate (with respect to their relationship with any such entity).

"Permitted Encumbrances" means (i) statutory liens for current state and local property taxes or assessments not yet due or delinquent; (ii) mechanics', carriers', workers', repairers' and other similar liens arising or incurred in the ordinary course of business relating to obligations as to which there is no default on the part of the Company or any of its Subsidiaries; (iii) exceptions shown on the surveys or title reports furnished by the Company to Buyer on or before the date hereof and which do not materially affect the use, value, enjoyment, occupancy or marketability of such property; and (iv) such other recorded liens, imperfections in title, charges, easements, restrictions and encumbrances which do not materially affect the use, value, enjoyment, occupancy or marketability of such property.

"Person" means an individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a governmental or political subdivision or an agency of instrumentality thereof.

"Personal Property Lease" has the meaning set forth in Section 3.14(b)(i).

"Personnel" of a corporation means all directors, officers and employees of such corporation and its Subsidiaries.

"Pro Rata Percentage" has the meaning set forth in Section 2.9.

"Proposed Acquisition Transaction" has the meaning set forth in Section 6.3.

"Real Property" means real property, together with the structures, fixtures and other improvements thereon and the appurtenances, rights and easements thereto.

"Real Property Leases" has the meaning set forth in Section 3.13(b)(i).

"Schedules" has the meaning set forth in Article III.

"Stockholders" has the meaning set forth in the introductory paragraph herein.

"Stockholder Agent" has the meaning set forth in Section 11.13(a).

"Stockholder Documents" has the meaning set forth in Section 4.2.

"Stock Merger Consideration" has the meaning set forth in Section 2.8(a)(i).

"Subsidiary" with respect to any party to this Agreement, means any corporation or other business entity, whether or not incorporated, of which at least 50% of the securities or interests having, by their terms, ordinary voting power to elect members of the Board of Directors, or other persons performing similar functions with respect to such entity, is held directly or indirectly by such party.

"Survival Date" has the meaning set forth in Section 9.1.

"Surviving Corporation" has the meaning set forth in Section 2.1.

"Tax Benefit" means the tax effect of any item of loss, deduction or credit or any other item (including any increase in tax basis of Assets of the Company or its Subsidiaries) which decreases Taxes paid or payable.

"Tax Loss" means the tax effect of any item (including any decrease in tax basis of Assets of the Company and its Subsidiaries) which increases Taxes paid or payable.

"Tax Returns" means any and all returns, reports, declarations and information statements with respect to Taxes required to be filed by or on behalf of the Company or any of its Subsidiaries with any Governmental Authority, whether domestic or foreign, including consolidated, combined or unitary returns and all amendments thereto.

"Taxes" means (i) all federal, state and local, whether domestic or foreign, taxes or assessments, including those relating to income, gross receipts, gross income, capital stock, franchise, profits, employees and payroll, withholding, foreign withholding, social security, unemployment, disability, license, real property, personal property, intangibles, stamp,

excise, sales, use, transfer, occupation, value added, ad valorem, customs duties, premium, windfall profits, information reporting, abandoned and unclaimed property reporting, environmental (including taxes under Section 59A of the Internal Revenue Code), alternative minimum or estimated taxes or other similar tax, duty or governmental charge, together with any interest, penalties or additions to tax or additional amounts with respect to the foregoing, whether disputed or not and (ii) any obligations under any agreements or arrangements with respect to any Taxes described in clause (i) hereof.

"Taxing Authority" means any Governmental Authority including social security administration, domestic or foreign, having jurisdiction over the assessment, determination, collection, or other imposition of any Taxes.

"Third Party Claim" has the meaning set forth in Section 9.4(b).

"Total Reorganization Expenses" has the meaning set forth in Section 2.9(b)(i)(B).

"Trustee" means Rod Bench, the trustee under the Indenture.

"Welfare Plan" means any "employee welfare benefit plan" as defined in Section 3(1) of ERISA, which (i) any of the Company, any Subsidiary or any ERISA Affiliate maintains, administers, contributes to or is required to contribute to, or under which the Company, any Subsidiary or any ERISA Affiliate may reasonably be expected to incur any material liability or (ii) covers any employee or former employee, current or former leased employee, current or former consultant or independent contractor of the Company, any Subsidiary or any ERISA Affiliate (with respect to their relationship with any such entity).

"Year 2000 Computer System Issues" has the meaning set forth in Section 3.27.

ARTICLE II
THE MERGER

2.1 The Merger. Upon the terms and subject to the conditions hereof, and in accordance with the provisions of the NGCL and the DGCL, the Company shall be merged with and into Sub at the Effective Time. As a result of the Merger, the separate corporate existence of the Company shall cease and Sub shall continue its existence under the laws of the State of Nevada. Sub, in its capacity as the corporation surviving the Merger, is hereinafter sometimes referred to as the "Surviving Corporation".

2.2 Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of O'Melveny & Myers LLP, 610 Newport Center Drive, Suite 1700, Newport Beach, California, at 8:00 a.m. local time on May 11, 2000, or such other date as may be agreed upon by the parties (the "Closing Date"). On the Closing Date, the parties shall file with the Nevada Secretary of State and the Delaware Secretary of State duly executed articles of merger and a certificate of merger, respectively, and Buyer shall keep on file in its registered office an agreement and plan of merger, in the forms included as Exhibit K (the "Merger Agreement"), all as required by and in accordance with the NGCL and the DGCL.

2.3 Effects of the Merger. The effective time of the Merger (the "Effective Time") shall be the date upon which the Merger Agreement is filed with the Nevada Secretary of State and the Delaware Secretary of State or at such later time as shall be agreed upon by Buyer and the Company and specified in the Merger Agreement. From and after the Effective Time, the Merger shall have the effects set forth in Section 92A.250 of the NGCL and Section 259 of the DGCL.

2.4 Articles of Incorporation and Bylaws. At the Effective Time (i) the Articles of Incorporation of Sub in effect immediately prior to the Effective Time shall be the Articles of Incorporation of the Surviving Corporation, and (ii) the Bylaws of Sub as amended and in effect immediately prior to the Effective Time shall be the Bylaws of the Surviving Corporation; in each case until amended in accordance with applicable law.

2.5 Directors and Officers of the Surviving Corporation. From and after the Effective Time, the directors and officers of Sub shall be the directors and officers of the Surviving Corporation, until the earlier of their resignation or removal or until their respective successors are duly elected and qualified.

2.6 Additional Actions. If, at any time after the Effective Time, the Surviving Corporation shall consider or be advised that any further deeds, assignments or assurances or any other acts or things are necessary or desirable to (a) vest, perfect or confirm, of record or otherwise, in the Surviving

Corporation its right, title or interest in, to or under any of the rights, properties or assets of Sub or the Company, or (b) otherwise carry out the provisions of this Agreement, the Company and Sub and their respective officers and directors shall be deemed to have granted to the Surviving Corporation an irrevocable power of attorney to execute and deliver all such deeds, assignments or assurances and to take all acts necessary, proper or desirable to vest, perfect or confirm title to and possession of such rights, properties or assets in the Surviving Corporation and otherwise to carry out the provisions of this Agreement, and the officers and directors of the Surviving Corporation are authorized in the name of the Company or Sub or otherwise to take any and all such actions.

2.7 Nature and Qualification of Merger. This Agreement contemplates that the Merger will be a tax free reorganization pursuant to Sections 368(a)(2)(D) of the Code.

2.8 Conversion of Capital Stock.

(a) At the Effective Time, by virtue of the Merger and without any action on the part of Buyer, Sub, the Company or any of their respective stockholders, each share of Company Common Stock issued and outstanding immediately prior to the Effective Time shall be converted into and represent the right to receive the following:

(i) Subject to Section 2.8(c), a number of shares of Buyer Common Stock (rounded to the nearest whole share) determined by dividing 5,480,152 shares of Buyer Common Stock (the "Stock Merger Consideration"), subject to adjustment as set forth in Section 2.9, by the number of issued and outstanding shares of Company Common Stock on a Fully-Diluted Basis immediately prior to the Effective Time; and

(ii) At the election of each Stockholder, (x) an amount in cash determined by dividing $10,960,301 (the "Cash Merger Consideration"), subject to adjustment as set forth in Section 2.9, by the number of issued and outstanding shares of Company Common Stock on a Fully-Diluted Basis immediately prior to the Effective Time or (y) an amount in Debentures determined by dividing $10,960,301 (the "Debenture Merger Consideration"), subject to adjustment as set

forth in Section 2.9, by the number of issued and outstanding shares of Company Common Stock on a Fully-Diluted Basis immediately prior to the Effective Time. Each Stockholder shall notify Buyer of their election under this Section 2.8(a)(ii) at least 3 business days prior to the Closing Date.

(b) The following legend shall be placed on the face of each certificate representing shares of Buyer Common Stock issued to the Stockholders in connection with the Merger: "THE SHARES REPRESENTED BY THIS CERTIFICATE MAY ONLY BE TRANSFERRED IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT AND PLAN OF MERGER DATED FEBRUARY 18, 2000 BETWEEN THE REGISTERED HOLDER HEREOF AND RED ROBIN INTERNATIONAL, INC., A COPY OF WHICH AGREEMENT IS ON FILE AT THE PRINCIPAL OFFICES OF RED ROBIN INTERNATIONAL, INC."

(c) No certificates for fractional shares of Buyer Common Stock shall be issued as a result of the conversion provided for in Section 2.8(a)(i). If more than one certificate representing shares of Company Common Stock shall be surrendered for the account of the same holder, the number of shares issuable in the Merger to such holder shall be computed on the basis of the aggregate number of shares represented by the certificates so surrendered, rounded to the nearest whole share.

2.9 Merger Consideration; Adjustments.

(a) The Merger Consideration shall be adjusted, plus or minus (as the case may be) under the remaining provisions of this Section 2.9.

(b) The Merger Consideration shall be subject to adjustment as follows:

Within 60 days following the Closing Date, the Company's Accountants, at Buyer's cost and expense, shall prepare and deliver to Buyer, a consolidated balance sheet of the Company and its Subsidiaries as of the Closing Date (the "Closing Balance Sheet") and a schedule setting forth the Company's Accountants' determination of the adjustments to the Merger Consideration, if any, required hereunder. The Closing Balance Sheet shall be prepared on a consolidated basis in accordance with GAAP, applied consistent with past practices (including without limitation, inclusion of a valuation allowance for any deferred Tax asset arising out of a net operating loss carryforward equal to the amount of such deferred Tax asset), except for (i) such variations from GAAP as were applied by the Company in the preparation of the Estimated Closing

Balance Sheet and are set forth on Schedule 2.9(b) and (ii) the exclusion of the Company's obligation to repurchase capital stock of Shamrock Corporation in an amount not to exceed $556,000; provided, however, that if the amount of the obligation to repurchase capital stock of Shamrock Corporation is less than $556,000 as of the Closing Date, then the assets of the Company as of the Closing Date shall be increased by the amount of the difference between $556,000 and the actual amount of such obligation as of the Closing Date. The Closing Balance Sheet shall be conclusive and binding on the parties for purposes of calculating any adjustment to the Merger Consideration under this Section unless Buyer notifies the Stockholder Agent in writing (a "Dispute Notice") within 30 days of Buyer's receipt of the Closing Balance Sheet of any disagreements therewith (stating with reasonable specificity the basis for any such

disagreement). During such 30-day period, the Company's Accountants shall give Buyer and its accountants or other representatives access to all work papers of the Company's Accountants related to the preparation of the Closing Balance Sheet. Buyer and the Stockholder Agent shall negotiate in good faith to resolve any disagreements concerning the Closing Balance Sheet as promptly as practicable. If any disagreement concerning the Closing Balance Sheet is not resolved by Buyer and the Stockholder Agent within 30 days following the Stockholder Agent's receipt of the Dispute Notice, the Merger Consideration shall be adjusted as set forth below for any undisputed amounts, and Buyer and the Stockholder Agent shall promptly engage, on standard terms and conditions for a matter of such nature, a nationally recognized firm of independent accountants to resolve the disputed amounts. The firm of independent accountants shall be proposed in writing by Buyer to the Stockholder Agent. In the absence of prompt agreement on the identity of the independent accountants, the Denver office of the accounting firm of Ernst & Young LLP shall be engaged by the parties. The parties shall be entitled to provide the independent accountants with supporting documentation in connection with the resolution of the items in dispute. The engagement agreement with the independent accountants shall require the independent accountants to make their determination with respect to the items in dispute within 60 days following their appointment. Buyer and the Stockholder Agent (in the latter case, on behalf of and for the account of the Stockholders) shall each pay one-half of the cost of the fees and expenses of such independent accountants. The resolution by the independent accountants of any dispute concerning the Closing Balance Sheet shall be final, binding and conclusive upon the parties for purposes of any adjustment of the Merger Consideration pursuant to this Section.

(i) The Merger Consideration shall be reduced, dollar for dollar, by the amount (if any) by which the stockholder's equity in the Company as shown on the Closing Balance Sheet is less than (2,991,619); and

(ii) The Merger Consideration shall be increased, dollar for dollar, by the amount (if any) by which the stockholder's equity is greater than (2,891,619).

(c) If any adjustments to the Merger Consideration are finally determined in accordance with the provisions of this Section 2.9, (i) if such adjustments result in a reduction of the Merger Consideration, within three days after the final determination of the amount thereof, the Stockholders, at their election, shall either (A) pay to Buyer, in immediately available funds, 100% of the amount of such reduction or (B) pay to Buyer, in immediately available funds, 50% of the amount of such reduction and execute written instructions to the Escrow Agent to release to Buyer, in accordance with Section 2.11, Escrow Assets with a value equal to 50% of the amount of such reduction; provided, however, that if the Stockholders do not reimburse Buyer for the reduction of the Merger Consideration in accordance with the foregoing, Buyer shall be entitled to deliver written instructions to the Escrow Agent for the immediate release of Escrow Assets with a value equal to the amount of such reduction; provided, further, that if the delivery of Buyer Common Stock to Buyer to reimburse Buyer for the reduction of the Merger Consideration will result in the disqualification of the Merger as a "reorganization" within the meaning of Section 368(a)(2)(D), the Stockholders shall pay Buyer an amount in cash, in immediately available funds, to reimburse Buyer for the reduction of the Merger Consideration, and (ii) if such adjustments result in an increase in the Merger Consideration, Buyer shall, within

three business days after the final determination of the amount thereof, (i) issue to the Stockholders on a pro rata basis based on each Stockholder's percentage ownership of the Company immediately prior to the Effective Time (the "Pro Rata Percentage"), additional shares of Buyer Common Stock having a value equal to 50% of the amount of such increase and (ii) deliver to each Stockholder

that elected Cash Merger Consideration pursuant to Section 2.8(a)(ii), immediately available funds in the amount of 50% of such increase based on each such Stockholder's Pro Rata Percentage or issue to each Stockholder that elected Debenture Merger Consideration pursuant to Section 2.8(a)(ii), Debentures in the amount of 50% of such increase based on each such Stockholder's Pro Rata Percentage. Notwithstanding the foregoing, to the extent the aggregate amount of cash and Debentures to be delivered to the Stockholders by Buyer for any increase in the Merger Consideration pursuant to the foregoing would exceed $960,301, Buyer shall deliver Buyer Common Stock to the Stockholders (based on each Stockholder's Pro Rata Percentage in an aggregate amount equal to such excess amount). For purposes of determining the number of shares to be released to Buyer or issued to the Stockholders, the value of a share of Buyer Common Stock will be equal to the Closing Stock Value.

2.10 Exchange of Certificates.

(a) Exchange Procedures. As soon as practicable after the Effective Time, upon each Stockholder's surrender for cancellation to Buyer of a certificate which immediately prior to the Effective Time represented outstanding shares of Company Common Stock and were converted into the right to receive the Merger Consideration pursuant to Section 2.8 (the "Certificate"), each such Stockholder shall be entitled to receive in exchange therefor (i) one or more certificates, in such denominations, as may be reasonably requested by such Stockholder at least three Business Days prior to the Closing Date, representing that whole number of shares of Buyer Common Stock which such Stockholder has the right to receive pursuant to Section 2.8 and (ii) in accordance with each Stockholder's election pursuant to Section 2.8, the amount in cash or Debenture that each such Stockholder has the right to receive pursuant to Section 2.8. The shares represented by the Certificate so surrendered shall forthwith be cancelled. Until surrendered as contemplated by this Section 2.10, each Certificate shall be deemed at any time after the Effective Time to represent only the right to receive upon surrender one or more certificates representing shares of Buyer Common Stock and cash or Debentures pursuant to Section 2.8 and as provided in the Merger Agreement and this Article II.

(b) No Further Ownership Rights in Company Common Stock. All shares of Buyer Common Stock issued upon surrender of Certificates and cash or Debentures delivered in accordance with the terms hereof shall be deemed to have been issued and delivered in full satisfaction of all rights pertaining to such shares of Company Common Stock represented thereby, and, from and after the Effective Time, there shall be no further registration of transfers on the stock transfer books of the Company of shares of Company Common Stock outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates are presented to the Surviving Corporation for any reason, they shall be cancelled and exchanged as provided in this Section 2.10.

2.11 Escrow Agreement. At the Closing, without any act of the Stockholders, the Stockholders will be deemed to have received and deposited with the Escrow Agent, 2,500,000

shares of Buyer Common Stock issuable in accordance with Section 2.8 hereof in an escrow account in accordance with the terms and conditions of the Escrow Agreement substantially in the form attached hereto as Exhibit J. Such Buyer Common Stock shall be in the name and account of the Stockholders, as set forth in the Escrow Agreement, and shall be held to satisfy (i) any adjustments to the Stock Merger Consideration required under Section 2.9 hereof, and (ii) any claims by Buyer or the Surviving Corporation for indemnification pursuant to Article IX hereof.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND THE STOCKHOLDERS

As an inducement to Buyer and Sub to enter into this Agreement, the Company and the Stockholders hereby severally but not jointly, make the following representations and warranties to Buyer and Sub, except as otherwise set forth in written disclosure schedules (the "Schedules") delivered to Buyer prior to the execution hereof, a copy of which is attached hereto. The Schedules are numbered to correspond to the various sections of this Article III setting forth certain exceptions to the representations and warranties contained in this Article III and certain other information called for by this Agreement. Unless otherwise specified, no disclosure made in any particular Schedule shall be deemed made in any other Schedule unless expressly made therein (by cross-reference or otherwise) unless, and only to the extent that, it would fairly be understood on its face to contain information which also is applicable to the representations and warranties to which such other Schedule relates.

3.1 Organization and Qualification.

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, has corporate power and authority to own or lease all of its respective properties and assets and to carry on its business as it is presently being conducted, and is duly qualified and in good standing to transact business in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to be in good standing or to be duly qualified would not, individually or in the aggregate, have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole or where such failure to be in good standing or to be duly qualified would not, individually or in the aggregate, to the knowledge of the Company or the Stockholders, with the passage of time, the giving or receipt of notice or the occurrence or nonoccurrence of any other circumstance, action or event, be reasonably be expected to have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole. Each jurisdiction in which the Company is qualified to do business is set forth in Schedule 3.1. The Company has heretofore delivered to Buyer complete and correct copies of the Articles of Incorporation and Bylaws or equivalent organizational documents of the Company as currently in effect.

(b) Except as set forth in Schedule 3.1, the Company does not have any Subsidiaries.

(c) Each Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, has corporate power and authority to

own or lease all of its respective properties and assets and to carry on its business as it is presently being conducted, and is duly qualified and in good standing to transact business in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to be in good standing or to be duly qualified would not, individually or in the aggregate, have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole or where such failure to be in good standing or to be duly qualified would not, individually or in the aggregate, to the knowledge of the Company or the Stockholders, with the passage of time, the giving or receipt of notice or the occurrence or nonoccurrence of any other circumstance, action or event, be reasonably be expected to have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole. Each jurisdiction in which each Subsidiary is qualified to do business is set forth in Schedule 3.1.

(d) A complete list of the directors and officers of the Company and each of its Subsidiaries is set forth in Schedule 3.1.

3.2 Capitalization; Validity of Shares; Voting Trusts.

(a) The authorized capitalization of the Company and the shares of capital stock which are outstanding are set forth in Schedule 3.2. All of the outstanding shares of capital stock (i) have been duly authorized, are validly issued, fully paid and nonassessable, and were not issued in violation of any preemptive rights, and (ii), except as set forth in Schedule 3.2, are owned of record and, to the knowledge of the Stockholders or the Company, beneficially as set forth in Schedule 3.2.

(b) Except as set forth in Schedule 3.2, (i) neither the Company nor any Subsidiary has any commitment to issue or sell any shares of capital stock, or any securities or obligations convertible into or exchangeable for, or giving any Person any right to acquire from the Company or any Subsidiary, any shares of capital stock, and no such securities or obligations are outstanding, (ii) there are no obligations or commitments of any kind for the repurchase, redemption or other acquisition of any shares of capital stock of the Company or any of its Subsidiaries, and (iii) there are no outstanding Company stock appreciation rights, limited stock appreciation or other rights or derivative securities to receive or redeem for cash, warrants, options or other derivative securities.

(c) Except as set forth in Schedule 3.2, and except for any equity interests held by the Company in publicly traded companies in an amount that is less than 5% of the outstanding securities of any such company, the Company does not, directly or indirectly, own any capital stock of or other equity interest in any corporation, partnership or other entity or other Person. All of the issued and outstanding shares of capital stock of each Subsidiary are duly authorized, validly issued, fully paid and nonassessable and are owned of record and beneficially by the Company or another Subsidiary, free and clear of all Encumbrances.

(d) Except as set forth in Schedule 3.2, there are no shareholder agreements, voting trusts, proxies or other agreements or understandings to which the Company is a party or by which it is bound, or, to the knowledge of the Stockholders or the Company, any other such

agreements or understandings, with respect to or concerning the purchase, sale or voting of the capital stock of the Company or any of its Subsidiaries.

3.3 Authority Relative to this Agreement. The Company has all corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby and to perform its obligations hereunder. The execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action on the part of the Company, subject to approval by the Stockholders pursuant to the DGCL. This Agreement has been duly executed and delivered by the Company and, assuming that Buyer has duly authorized, executed and delivered this Agreement, this Agreement constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

3.4 Consents and Approvals. No consent, waiver, agreement, approval or authorization of, or declaration, filing, notice or registration to or with, any Governmental Authority is required to be made or obtained by the Company or any of its Subsidiaries in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby other than those set forth in Schedule 3.4. Except as set forth in Schedule 3.4, there is no requirement that any party to any Material Contract or Real Property Lease to which the Company or any of its Subsidiaries is a party or by which any of them is bound, consent to the execution and delivery of this Agreement by the Company or the consummation of the transactions contemplated hereby.

3.5 Non-Contravention. The execution, delivery and performance by the Company of this Agreement does not, and the consummation by the Company of the transactions contemplated hereby will not (i) violate or result in a breach of any provision of the Articles of Incorporation, Bylaws or similar organizational documents of the Company or any of its Subsidiaries, (ii) except as described in Schedule 3.5, conflict with, result in a breach of or result in a default (or give rise to any right of termination, cancellation or acceleration) under the terms, conditions or provisions of any Material Contract or Real Property Lease to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries or any of their Assets is bound, or (iii) except as described in Schedule 3.5, violate any order, writ, injunction, decree or, to the knowledge of the Stockholders or the Company, any Law applicable to the Company or any of its Subsidiaries or any of their Assets.

3.6 Environmental Matters.

(a) Except as set forth in Schedule 3.6, the Company and its Subsidiaries have all Environmental Permits which are necessary and material to the conduct of the Business as it is presently being conducted, including those relating to (i) emissions, discharges or threatened discharges of pollutants, contaminants, hazardous or toxic substances or petroleum into the air, surface water, ground water or the ocean, or on or into the land ("Hazardous Emissions") and (ii) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous or toxic substances, or petroleum ("Handling Hazardous Substances"), whether by the Company or any of its Subsidiaries or by a third party on their behalf. To the knowledge of the Company or the Stockholders, the Company and its Subsidiaries are in compliance in all material respects with all of the terms and conditions set

forth in such Environmental Permits and are also in compliance in all material respects with all of the terms and conditions contained in or required of it by any Environmental Law applicable to the Company and its Subsidiaries, their Assets, or the Business.

(b) Except as set forth in Schedule 3.6, to the knowledge of the Company or the Stockholders, no underground storage tanks or underground storage receptacles for Hazardous Substances are located on the Facilities, there have been no releases of Hazardous Substances and no owners or operators of real property adjacent to the Facilities spilled, released or discharged any Hazardous Substances onto such adjacent properties. Except as set forth in Schedule 3.6, to the knowledge of the Company or the Stockholders, no facts, conditions or events exist which (i) interfere with or prevent continued compliance in all material respects with any of the Environmental Permits or any Environmental Law, (ii) are reasonably expected to give rise to any material liability (whether based in contract, tort, implied or express warranty, criminal or civil statute or otherwise) under any Environmental Law relating to the Hazardous Emissions or Handling Hazardous Substances or (iii) obligate the Company or any of its Subsidiaries to clean up, remedy, abate or otherwise restore to a former condition, by themselves or jointly with others, any contaminated surface water, ground water, soil or any natural resources associated therewith either on the Facilities or at any property owned by a third party, or in any building, structural or insulation materials located on or in the Facilities that contain greater than 1% asbestos.

(c) Except as set forth on Schedule 3.6, to the knowledge of the Company or the Stockholders, the Company, the Company and its Subsidiaries have not released any other person from any claim under any Environmental Law or waived any rights concerning any violation of Environmental Law. Except as set forth in Schedule 3.6, the Company and its Subsidiaries have not contractually indemnified any other person for any violation of Environmental Law related to the Facilities or any Real Property formerly owned by the Company and its Subsidiaries.

(d) There are no consent decrees, consent orders, judgments, judicial or administrative orders or agreements (other than Licenses and Permits) with or, to the knowledge of the Company or the Stockholders, liens by, any Governmental Authority or quasi-governmental entity relating to any Environmental Law which regulate, obligate or bind the Company or any of its Subsidiaries.

(e) True and correct copies of the Environmental Reports have been delivered to Buyer and a list of all such reports, audits and assessments is set forth in Schedule 3.6.

3.7 Licenses and Permits. Except as set forth on Schedule 3.7, to the knowledge of the Stockholders or the Company, the Company and its Subsidiaries have all Licenses and Permits material to the conduct of the Business as it is presently being conducted. Schedule 3.7 contains a complete and correct list of all such Licenses and Permits known to the Stockholders and the Company, all of which are in full force and effect and, to the knowledge of the Stockholders or the Company, all of which will remain in full force and effect following consummation of the transactions contemplated hereby, except as set forth in Schedule 3.7. Except for matters relating to Buyer and its Affiliates, neither the Stockholders nor the Company has any reason to believe that the Licenses or Permits in effect on the date hereof will not be

renewed or will be renewed with conditions that materially affect the operation of the Business. Except as set forth in Schedule 3.7, neither the Stockholders, the Company nor any of the Company's Subsidiaries has received any written notice to the effect that, or otherwise has any knowledge that, (i) the Company and its Subsidiaries are not currently in compliance with, or are in violation of, any such Licenses and Permits in any material respect or (ii) any currently existing circumstances are likely to result in a failure of the Company and its Subsidiaries to comply with, or in a violation by the Company or any of its Subsidiaries of, any such Licenses and Permits in any material respect.

3.8 Compliance with Laws. Except as set forth in Schedule 3.8, to the knowledge of the Stockholders or the Company, the Company and its Subsidiaries have not violated, and are in compliance with, (i) all applicable laws, statutes, ordinances, regulations, rules and orders of every federal, state, local or foreign government and every federal, state, local or foreign court or other Governmental Authority (collectively, "Laws") and (ii) every judgment, decision, decree or order of any court or governmental agency, department, authority or instrumentality (collectively, "Decrees"), relating to the Assets, Business or operations of the Company and its Subsidiaries, except to the extent that any such violation or failure to comply is likely to result in Covered Liabilities of less than $10,000 singly or $50,000 in the aggregate. Except as set forth in Schedule 3.8, neither the Stockholders, the Company nor any of the Company's Subsidiaries has received any written notice to the effect that, nor do the Stockholders or the Company have knowledge that, (i) the Company and its Subsidiaries are not currently in compliance with, or are in violation of, any applicable Laws or (ii) any currently existing circumstances are reasonably likely to result in a failure of the Company or any of its Subsidiaries to comply with, or a violation by the Company or any of its Subsidiaries of, any Laws, which such failure to comply or violation would be reasonably likely to result in Covered Liabilities in excess of $10,000 singly or $50,000 in the aggregate.

3.9 Financial Statements. Buyer has previously been delivered true and complete copies of (i) the audited consolidated financial statements, including the notes thereto, of the Company and its Subsidiaries for each of the three fiscal years ended December 27, 1998 (the "Audited Financial Statements") together with the report on such financial statements of the Company's independent certified public accountants, and (ii) management's unaudited consolidated financial statements for the Company and its Subsidiaries for the fiscal year ended December 26, 1999 and the four-week period ended January 23, 2000 (the "Interim Financial Statements"). The Audited Financial Statements present fairly, in all material respects, the consolidated financial position of the Company and its Subsidiaries as of such dates and the results of operations and cash flows for such periods and, except as set forth in Schedule 3.9, have been prepared in accordance with GAAP applied on a consistent basis. The Interim Financial Statements present fairly, in all material respects, the consolidated financial position of the Company and its Subsidiaries as of such date and the results of operations and cash flows for the periods set forth therein and,

except as set forth in Schedule 3.9, have been prepared in accordance with GAAP applied on a consistent basis, subject to changes resulting from normal year-end adjustments.

3.10 Absence of Changes. Except as set forth in Schedule 3.10, since November 30, 1999, (a) the Business has been operated in the ordinary course consistent with past practices, (b) there has not been any Material Adverse Change with respect to the Business and to the

knowledge of the Company or the Stockholders, there has not been any event or condition which, with the passage of time, the giving or receipt of notice or the occurrence or nonoccurrence of any other circumstance, action or event, that would reasonably be expected to constitute a Material Adverse Change with respect to the Business, (c) there has not been any material deterioration of relations between the Company or its Subsidiaries and their suppliers or Personnel and (d) to the knowledge of the Stockholders or the Company there has been no threatened Material Adverse Change with respect to the Company and its Subsidiaries taken as a whole or any event or condition which, with the passage of time, the giving or receipt of notice or the occurrence or nonoccurrence of any other circumstance, action or event, that would reasonably be expected to result in a threatened Material Adverse Change with respect to the Company and its Subsidiaries taken as a whole. Without limiting the generality of the foregoing, except as set forth in Schedule 3.10, the Company and its Subsidiaries have not:

(i) sold, assigned, leased or transferred any of their Assets, material singly or in the aggregate to the Company and its Subsidiaries taken as a whole, other than Inventory sold or disposed of in the ordinary course of business, consistent with past practice, to persons who are not Affiliates of the Company for fair consideration;

(ii) canceled or terminated, or amended, modified or waived any material term of, any Material Contract;

(iii) (A) increased the compensation payable or to become payable to any of its directors or officers, (B) increased the base compensation payable or to become payable to any of its Personnel who are not directors or officers, except for normal periodic increases in such base compensation (not exceeding, in each case, 5%) in the ordinary course of business, consistent with past practice, (C) increased any sales commission rate, bonus or other compensation based on sales payable or to become payable to any of its Personnel who are not directors or officers, (D) granted, made or accrued any loan, bonus, severance, termination or continuation fee, incentive compensation (excluding sales commissions), service award or other like benefit, to or for the benefit of any of its Personnel, except pursuant to the Employee Plans set forth in Schedule 3.21, (E) adopted, amended or caused or suffered any addition to or modification of any Employee Plan, other than (1) contributions made in the ordinary course of business, consistent with past practice or (2) the extension of coverage to any of its Personnel who became eligible after the date of this Agreement, (F) granted any additional stock options or performance unit grants or other interest under any Employee Plan, (G) entered into any new employment or consulting agreement or caused or suffered any written or oral termination, cancellation or amendment of any such employment or consulting agreement to which it is a party (except with respect to any employee at will without a written agreement), (H) entered into any collective bargaining agreement or caused or suffered any termination or amendment of any collective bargaining agreement to which it is a party or (I) with respect to any shareholder of the Company or any Affiliate of any shareholder, granted, made or accrued any payment or distribution or other like benefit, contingently or otherwise, or otherwise transferred Assets, including any payment of principal of

or interest on any debt owed to any such shareholder or Affiliate, other than (1) any payments to such person in the ordinary course of business in his capacity as an employee of the Company or any of its Subsidiaries and (2) any transactions between the Company and its Subsidiaries, in the ordinary course of business and on an arms' length basis;

(iv) made any capital expenditure or any commitment to make any capital expenditure in excess of $50,000 in the aggregate;

(v) except in the ordinary course of business, executed (A) any Lease for real property or (B) any Lease for personal property involving annual payments in excess of $17,500, or, with respect to clauses (A) and (B) of this clause (v), offered to execute any Lease or incurred any liability therefor;

(vi) made any payments or given any other consideration to customers or suppliers, other than payments under, and in accordance with the terms of, Contracts in effect on the date hereof and other than in the ordinary course of business consistent with past practice;

(vii) changed its accounting methods, principles or practices, including any change in the application or interpretation of GAAP;

(viii) suffered any damage, destruction or casualty loss (whether or not covered by insurance) affecting its physical properties that exceeded $17,500 in any one instance or $87,500 in the aggregate;

(ix) (A) issued or sold, or entered into any agreement obligating it to issue or sell, (B) declared, set aside for payment or paid dividends or distributions in respect of, or (C) directly or indirectly redeemed, purchased or otherwise acquired, or split, combined, reclassified or otherwise adjusted, any class or series of capital stock or any securities convertible into or exchangeable for capital stock;

(x) (A) incurred any indebtedness for borrowed money or entered into any commitment to borrow money or (B) incurred any obligations for any performance bonds, payment bonds, bid bonds, surety bonds, letters of credit, guarantees or similar instruments;

(xi) changed or amended its Certificate or Articles of Incorporation or Bylaws;

(xii) (A) acquired (by merger, consolidation, acquisition of stock, other securities or assets or otherwise), (B) made a capital investment (whether through the acquisition of an equity interest, the making of a loan or advance or otherwise) in or (C) guaranteed indebtedness for borrowed money of, (1) any Person or (2) any portion of the assets of any Person that constitutes a division or operating unit of such Person;

(xiii) mortgaged or pledged, or otherwise made or suffered any Encumbrance (other than any Permitted Encumbrance) on, any material Asset or group of Assets that are material in the aggregate;

(xiv) revalued any of their Assets, including any write-off of notes, accounts receivable or fixed Assets, or any increase in any reserve (other than in the ordinary course of business consistent with past practice), involving in excess of $17,500 individually or $87,500 in the aggregate (such amounts to be calculated without netting any decrease);

(xv) granted any license or sublicense of any material rights under or with respect to any Intellectual Property;

(xvi) amended, cancelled or suffered termination of any License or Permit that is material to the Company or any of its Subsidiaries;

(xvii) canceled, waived or released any right or claim (or series of related rights or claims) (A) owed, directly or indirectly, by any officer, director or any of the Stockholders to the Company or any of its Subsidiaries or (B) owed by any other Person to the Company or any of its Subsidiaries involving in excess of $10,000 individually or $50,000 in the aggregate;

(xviii) made any material change in the policies of employment; or

(xix) committed, or entered into any Contract, to do any of the foregoing.

3.11 No Undisclosed Liabilities. Neither the Company nor any of its Subsidiaries has any liabilities, obligations or commitments of any nature, whether known or unknown, absolute, accrued, contingent or otherwise and whether due or to become due (and, to the knowledge of the Stockholders or the Company, there is no Basis for any present or future Action giving rise to any liability), except (i) as and to the extent set forth in the balance sheet included in the Interim Financial Statements or specifically disclosed in the notes thereto, (ii) liabilities and obligations incurred after the date of the balance sheet in the Interim Financial Statements in the ordinary course of business and not prohibited by this Agreement and (iii) as set forth in Schedule 3.11. None of the liabilities described in clause (ii) of this Section 3.11 relates to any breach of Contract, breach of warranty, tort, infringement or violation of Law or arose out of any Action.

3.12 Litigation. Except as set forth in Schedule 3.12, there is no outstanding order, writ, injunction, judgment or decree by any court or Governmental Authority or any Action pending or, to the knowledge of the Stockholders or the Company, threatened (i) against (A) the Company or any of its Subsidiaries or their Assets involving amounts not covered by insurance in excess of $17,500 or seeking non-monetary relief, (B) any director, officer or shareholder of the Company or any of its Subsidiaries in their capacity as such or (C) any Employee Plan of the Company or any of its Subsidiaries, (ii) relating to the transactions contemplated hereby, (iii) that involve allegations of criminal conduct on the part of the Company or any of its Subsidiaries or any of their respective officers or directors in their capacity as such or (iv) in which the Company or any of its Subsidiaries is a plaintiff (including any derivative suits brought by or on

behalf of the Company or any of its Subsidiaries), and neither the Stockholders nor the Company has knowledge of any Basis that is reasonably expected to result in any such Action. Neither the Company nor any of its Subsidiaries is in default with respect to any Action listed in Schedule 3.12, and there are no unsatisfied judgments or awards against the Company or any of its Subsidiaries or their respective business or Assets. To the knowledge of the Stockholders or the Company, except as specifically disclosed in Schedule 3.12, none of the Actions listed in Schedule 3.12, individually or in the aggregate, if adversely determined, would reasonably be expected to have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole or would, with the passage of time, the giving or receipt of notice or the occurrence or nonoccurrence of any other circumstance, action or event, be reasonably expected to have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole.

3.13 Real Property.

(a) Owned Real Property. The Company does not own any Real Property and, except as set forth in Schedule 3.13, the Company does not have any outstanding option or right of first refusal or first offer to purchase any Real Property, or any portion thereof or interest therein.

(b) Leased Real Property.

(i) Schedule 3.13 sets forth all leases ("Real Property Leases") pursuant to which Facilities are leased by the Company or any of its Subsidiaries (as lessee), true and correct copies of which have been delivered to Buyer. Such Real Property Leases constitute all leases, subleases or other occupancy agreements pursuant to which the Company or any of its Subsidiaries occupy or use such Facilities. Except as set forth in Schedule 3.13, the Company or its Subsidiary has a good and valid leasehold interest in all leased property described in such Real Property Leases (the "Leased Real Property"), free and clear of any and all Encumbrances other than any Permitted Encumbrances. With respect to each such parcel of Leased Real Property (A) to the knowledge of the Stockholders or the Company, there are no pending or threatened condemnation proceedings or Actions relating to such Leased Real Property, (B) except as set forth in Schedule 3.13, other than Permitted Encumbrances neither the Company or any of its Subsidiaries nor, to the knowledge of the Stockholders or the Company, any third party has entered into any sublease, license, option, right, concession or other agreement or arrangement, written or oral, granting to any Person (other than the Company and its Subsidiaries) the right to use or occupy such Leased Real Property or any portion thereof or interest therein (C) neither the Stockholders nor the Company has received written notice of any pending or, to the knowledge of the Stockholders or the Company, threatened special assessment relating to such Leased Real Property and (D) the Company and its Subsidiaries

enjoy peaceful and undisturbed possession of the Leased Real Property.

(ii) With respect to each such Real Property Lease listed in Schedule 3.13 and except as set forth therein, (A) there has been no material default under

any such Real Property Lease by the Company or any of its Subsidiaries or, to the knowledge of the Stockholders or the Company, by any other party thereto, (B) each such Real Property Lease is in full force and effect, (C) no action has been taken by the Company or any of its Subsidiaries and, to the knowledge of the Stockholders or the Company no event has occurred which, with notice or lapse of time or both, would permit termination, modification or acceleration by a party thereto other than the Company or its Subsidiaries, without the consent of the Company or its Subsidiaries, under any such Real Property Lease that is material to the Company and its Subsidiaries, (D) to the knowledge of the Stockholders or the Company, no party has repudiated in writing any term thereof or threatened in writing to terminate, cancel or not renew any such Real Property Lease that is material to the Company and its Subsidiaries and (E) neither the Company nor its Subsidiaries has assigned, transferred, conveyed, mortgaged or encumbered any interest therein or in any leased property subject thereto (or any portion thereof).

(c) Compliance, Utilities and Other Matters. With respect to the Real Property and the Leased Real Property, except as set forth in Schedule 3.13:

(i) to the knowledge of the Stockholders or the Company, no Facility thereon is in material violation of applicable zoning Laws;

(ii) to the knowledge of the Stockholders or the Company, all Facilities thereon have received all approvals of Governmental Authorities (including Licenses and Permits) required in connection with the ownership or operation thereof and have been operated and maintained in compliance in all material respects with applicable laws, rules and regulations; and

(iii) all Facilities thereon are supplied with utilities and other services necessary for the present operation of such facilities, including gas, electricity, water, telephone, sanitary sewer and storm sewer.

3.14 Personal Property.

(a) Owned Personal Property. Except as set forth in Schedule 3.14 and as to any leasehold interest in connection with any Personal Property Leases, the Company and its Subsidiaries own all personal property owned by them, free and clear of any and all Encumbrances other than Permitted Encumbrances. With respect to each such item of personal property owned by the Company or any of its Subsidiaries, except as set forth in Schedule 3.14, (i) there are no leases, subleases, licenses, options, rights, concessions or other agreements, written or oral, granting to any party or parties the right of use of any portion of such item of personal property, (ii) there are no outstanding options or rights of first refusal in favor of any other party to purchase any such item of personal property or any portion thereof or interest therein and (iii) there are no parties (other than the Company and its Subsidiaries, and their Personnel in their capacity as such) who are in possession of or who are using any such item of personal property, except under agreements cancelable by the Company upon 30 days' notice without penalty to the Company and without creating any rights or interests in or on behalf of any other Person;

(b) Leased Personal Property.

(i) Except as set forth in Schedule 3.14, the Company and its Subsidiaries have a good and valid leasehold interest in all of the Fixtures and Equipment and other tangible personal property Assets leased by it from third parties, free and clear of any and all Encumbrances other than Permitted Encumbrances. Schedule 3.14 sets forth all leases for personal property ("Personal Property Leases") involving annual

payments in excess of $17,500, true and correct copies of which have been delivered to Buyer.

(ii) With respect to each such Lease listed in Schedule 3.14 and except as set forth therein, (A) there has been no material default under any such Personal Property Lease by the Company or any of its Subsidiaries or, to the knowledge of the Stockholders or the Company, by any other party thereto, (B) such Personal Property Lease is in full force and effect, (C) no action has been taken by the Company or any of its Subsidiaries and, to the knowledge of the Stockholders or the Company no event has occurred which, with notice or lapse of time or both, would permit termination, modification or acceleration by a party thereto other than the Company and its Subsidiaries, without the consent of the Company and its Subsidiaries, under any such Personal Property Lease that is material to the Company and its Subsidiaries, (D) to the knowledge of the Stockholders or the Company, no party has repudiated in writing any term thereof or threatened in writing to terminate, cancel or not renew any such Personal Property Lease that is material to the Company and its Subsidiaries and (E) the Company and its Subsidiaries have not assigned, transferred, conveyed, mortgaged or encumbered any interest therein or in any leased property subject thereto (or any portion thereof).

(c) Maintenance. Except as set forth in Schedule 3.14, to the knowledge of the Stockholders or the Company, the Fixtures and Equipment are in good operating condition and repair, ordinary wear and tear excepted, and are useable in the ordinary course of the Business as it is presently being conducted.

3.15 Sufficiency of Assets. Except as set forth in Schedule 3.15, the Assets constitute all of the properties and assets used or held for use in connection with and necessary for the operation of the Business as currently conducted by the Company. Except as set forth in Schedule 3.15, the Assets that are owned by any Person other than the Company and its Subsidiaries are leased or licensed to the Company and its Subsidiaries under valid, current leases or license arrangements that will remain in full force and effect following consummation of the transactions contemplated hereby.

3.16 Books and Records. The Company and its Subsidiaries have made and kept Books and Records and accounts that, in reasonable detail, accurately and fairly reflect the activities of the Company and its Subsidiaries in all material respects. The minute books of the Company and its Subsidiaries are true and correct and contain copies of the minutes and records of, and accurately and adequately reflect, certain material corporate actions taken by the board of directors, committees of the board of directors and shareholders of the Company and its

Subsidiaries. The copies of the stock record books and the stock certificate books of the Company and its Subsidiaries are true and correct and accurately reflect all transactions in connection with the Company's and its Subsidiaries' capital stock through and including the date hereof.

3.17 Intellectual Property; Computer Software.

(a) Schedule 3.17 sets forth a complete and correct list of all Intellectual Property that is used in the Business. The Company has delivered to Buyer true, correct and complete copies of each registration, application, license, sublicense or other material document relating to the Intellectual Property set forth in Schedule 3.17. Except as set forth in Schedule 3.17, the Company and its Subsidiaries own, or possess adequate and enforceable licenses or other rights to use, all Intellectual Property used in the Business as it is currently conducted, and such ownership and licenses will not cease to be valid and in full force and effect in any material respect by reason of the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby. To the knowledge of the Stockholders or the Company, the Company and its Subsidiaries have taken all necessary action to maintain and protect each item of Intellectual Property that it owns or uses. There is no Action pending or, to the knowledge of the Stockholders or the Company, threatened, against the Company or any of its Subsidiaries asserting that the Company's or any of its Subsidiaries' use of any Intellectual Property infringes the rights of any third party or otherwise contesting its rights with respect to any Intellectual Property and no third party has given written notice to the Stockholders, the Company or any of the Company's Subsidiaries that such third party is claiming ownership of or right to use any Intellectual Property, and, to the knowledge of the Stockholders or the Company (i) there are no grounds for any such assertion and (ii) no third party is infringing upon the rights of the Company or any of its Subsidiaries in the Intellectual Property in a manner which would have a Material Adverse Effect on the Company and its

Subsidiaries taken as a whole or in a manner which, to the knowledge of the Company or the Stockholders, with the passage of time, the giving or receipt of notice or the occurrence or nonoccurrence of any other circumstance, action or event, would reasonably be expected to have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole.

(b) The Company and its Subsidiaries own, or possess adequate and enforceable licenses or other rights to use, the computer software for the POS system and, except as set forth in Schedule 3.17, such ownership and licenses will not cease to be valid and in full force and effect in any material respect by reason of the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby.

3.18 Material Contracts.

(a) Schedule 3.18 sets forth a complete and accurate list of all Contracts in the following categories (each, a "Material Contract") as of the date hereof (except to the extent that any such category specifies a different date, in which case such corresponding list is made as of such specified date):

(i) each Contract (or group of related Contracts) concerning a partnership or joint venture with, or any other investment in (whether through the

acquisition of an equity interest, the making of a loan or advance or otherwise), any other Person;

(ii) each Contract (or group of related Contracts) (A) under which the Company or any of its Subsidiaries has created, incurred, assumed or guaranteed (or may create, incur, assume or guarantee) indebtedness for borrowed money, (B) constituting a Capitalized Lease obligation, (C) under which the Company or any of its Subsidiaries has granted (or may grant) a security interest or lien in excess of $17,500 on any Assets or (D) under which the Company or any of its Subsidiaries has incurred any obligations for any performance bonds, payment bonds, bid bonds, surety bonds, letters of credit, guarantees or similar instruments;

(iii) each Contract (or group of related Contracts) concerning confidentiality regarding the Intellectual Property;

(iv) each Contract (or group of related Contracts) with any Personnel, any Affiliate of the Company or any of its Subsidiaries or, to the knowledge of the Stockholders or the Company, any member of any such person's immediate family, involving annual compensation in excess of $17,500, including (A) Contracts, including Contracts to employ or compensate (including to grant options to or to accelerate options that are outstanding), with present or former shareholders, directors or officers or other Personnel of the Company or any of its Subsidiaries or (B) Contracts that will result in the payment by, or the creation of any commitment or obligation (absolute or contingent) of the Company or any of its Subsidiaries to pay, any severance, termination, "golden parachute" or other similar payments to any present or former Personnel following termination of employment or otherwise as a result of the consummation of the transactions contemplated hereby;

(v) each Contract (or group of related Contracts), including open purchase orders or groups of related open purchase orders, for the purchase or sale of raw materials, commodities, supplies, products or other property providing for payments in excess of $87,500 over the life of such Contract (or group of related contracts);

(vi) each Contract (or group of related Contracts) providing for payments in excess of $50,000 over the life of such Contract (or group of related Contracts), except for such Contracts that are cancelable on not more than 30 days' notice by the Company or any of its Subsidiaries without substantial penalty or substantial increased cost;

(vii) each distribution, development, franchise, license, commission, consulting, agency or advertising Contract related to the Assets or the business involving annual payments in excess of $10,000, except for such Contracts that are cancelable on not more than 30 days' notice by the Company or any of its Subsidiaries without substantial penalty or substantial increased cost;

(viii) each Contract (or group of related Contracts) containing covenants restraining or limiting the freedom of the Company or any of its Subsidiaries or any officer, director, shareholder or Affiliate thereof to engage in any line of business or compete with any Person including by restraining or limiting the right to solicit customers;

(ix) each option with respect to any real property or any personal property, whether the Company or any of its Subsidiaries are the grantor or grantee thereunder;

(x) each other Contract (or group of related Contracts) not entered into in the ordinary course of business, consistent with past practice; and

(xi) each Contract (or group of related Contracts), other than any Contract covered by any other clause of this Section 3.18, the consequences of a default or termination under which would have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole or the consequences of a default or termination under which, to the knowledge of the Company or the Stockholders, with the passage of time, the giving or receipt of notice or the occurrence or nonoccurrence of any other circumstance, action or event, would reasonably be expected to have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole.

The Company has delivered to Buyer a true and correct copy of each written Material Contract listed in Schedule 3.18 and has included as part of Schedule 3.18 a brief summary of the material terms of each oral Material Contract.

(b) With respect to each Contract set forth or described in Schedule 3.18 except as set forth in Schedule 3.18, (i) there is no material default under any such Contract by the Company or any of its Subsidiaries or, to the knowledge of the Stockholders or the Company, by any other party to any such Contract, (ii) such Contract is in full force and effect; (iii) no action has been taken by the Company or any of its Subsidiaries and, to the knowledge of the Stockholders or the Company, no event has occurred which, with notice or lapse of time or both, would be reasonably likely to permit termination, modification or acceleration by a party thereto other than the Company or any of its Subsidiaries under any such Contract; and (iv) to the knowledge of the Stockholders or the Company, no party has repudiated any term thereof or threatened to terminate, cancel or not renew any such Contract.

3.19 Insurance. Schedule 3.19 contains a complete and accurate list of all policies or binders for business interruption, fire, liability, title, worker's compensation, product liability, errors and omissions and other forms of insurance (showing as to each policy or binder the carrier, policy number, expiration date and a general description of the coverage provided) maintained by the Company and its Subsidiaries. The insurance policies referred to in Schedule 3.19 provide, and during their respective terms have provided, coverage to the extent and in the manner (i) adequate (consistent with industry standards) for the Assets, Businesses and operations of the Company and its Subsidiaries, and the risks insured against in connection therewith and (ii) as may be or may have been required by Law. Neither the Company nor any

of its Subsidiaries is in material default under any of such policies or binders, and they have not failed to give any notice or to present any material claim under any such policy or binder in a due and timely fashion. Since January 1, 1996, no insurer has refused, denied or disputed coverage of any material claim made thereunder. No insurer has advised the Company or any of its Subsidiaries that it intends to reduce coverage or increase any premium in any material respect or fail to renew any existing policy or binder. All such policies and binders are in full force and effect on the date hereof and shall be kept in full force and effect through the Closing Date. Schedule 3.19 describes any self-insurance arrangements affecting the Company or any of its Subsidiaries.

3.20 Labor Matters.

(a) The Company has delivered to Buyer true and complete copies or descriptions of all employment contracts and all material personnel policies, employment practices, supervisors' manuals, commission, and any other material arrangements applicable to any employee or former employee or any beneficiary or dependent thereof, whether or not written, whether or not terminable at will, and whether covering one person or more than one person, entered into, issued, adopted, or followed by the Company or any of its Subsidiaries, other than an arrangement listed in Schedule 3.21 as an Employee Benefit Plan.

(b) Schedule 3.20 identifies and describes all written and unwritten grievances or complaints filed or submitted since January 1, 1996, by any employee or applicant for employment against the Company or any of its Subsidiaries or their employees whether pursuant to a collective bargaining agreement, a formal or informal grievance procedure afforded employees, or otherwise, including without limitation, any claims of sexual, racial or other harassment, discriminatory treatment, breach of collective bargaining agreement, breach of contract, or violation of policy.

(c) Except as set forth in Schedule 3.20 there have been no unfair

labor practice charges, union organizing efforts, union certifications, bargaining unit definitions, recognitions, demands for recognition or collective bargaining, strikes or work stoppages, union election results, National Labor Relations Board proceedings or related court cases relating to or affecting any employees of the Company or any of its Subsidiaries since January 1, 1996.

(d) Schedule 3.20 identifies and describes all affirmative action plans, audits, results, conciliation agreements, Office of Federal Contract Compliance charges or proceedings, Equal Employment Opportunity Commission employment charges or proceedings, state or local unfair employment practice charges or proceedings, or any written or unwritten claims or suspected claims of discrimination, unequal pay, or retaliation relating to any current or former employee or applicant for employment of the Company or any of its Subsidiaries since January 1, 1996.

(e) Schedule 3.20 identifies and describes all state or federal wage and hour, wage payment, or other wage related investigations, claims, or proceedings, any other local, state or federal investigations, claims, or proceedings related to any current or former practice, current or former employee, or applicant for employment of the Company or any of its Subsidiaries since January 1, 1996.

(f) Schedule 3.20 identifies and describes all Actions not expressly identified and described in previous schedules under this section which relate to current or former employment practices, current or former employees, or applicants for employment of the Company or any of its Subsidiaries, including claims relating to the Family and Medical Leave Act, immigration law compliance, the Worker Adjustment and Retraining Notification Act, wrongful discharge, tortious interference, intentional infliction of emotional distress, or any other claim raised by or on behalf of a current or former employee or applicant for employment since January 1, 1996.

(g) The Company has delivered to Buyer copies or descriptions of all Occupational Health and Safety Act or state occupational safety and health citations, charges, lawsuits, inspections, investigations, claims, and proceedings, all current or former claims for unsafe or unhealthy working conditions, including without limitation claims for exposure to asbestos, carcinogenic substances, or other workplace risks since January 1, 1996.

(h) Except as set forth in Schedule 3.20, to the knowledge of the Stockholders or the Company, all policies and practices of the Company or any of its Subsidiaries are in all material respects in compliance with, and have been administered in all material respects in compliance with, all applicable requirements of Law, including but not limited to federal, state, or local Laws relating to employment, including Laws relating to wrongful discharge, breach of express or implied contract, fraud, misrepresentation, defamation, or liability in tort, duties to prevent, disclose, warn or remedy unhealthy or unsafe workplace conditions, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Fair Labor Standards Act, ERISA, COBRA, the Family and Medical Leave Act, the Occupational Safety and Health Act, the Worker Adjustment and Retraining Notification Act, workers compensation statutes, and other federal, state or local regulations, rules, statutes, or ordinances relating to employees or employment.

3.21 Employee Plans.

(a) Schedule 3.21 contains a complete list of Employee Plans. True and complete copies of each of the following documents have been delivered by the Company to Buyer: (i) the current version of each Employee Plan (and, if applicable, related trust agreements and all amendments thereto) (or a summary description of any Employee Plan not in writing), the current summary plan description, summaries of material modifications (as defined in ERISA), annuity contracts or other funding instruments, the number of and a general description of the level of employees covered by each Benefit Arrangement and a complete description of any Employee Plan which is not in writing, (ii) except as set forth in Schedule 3.21, the most recent determination letter issued by the Internal Revenue Service and any opinion letter issued by the Department of Labor with respect to each Pension Plan and each voluntary employees' beneficiary association as defined under Section 501(c)(9) of the Internal Revenue Code which covers or has covered employees of the Company or any of its Subsidiaries, (iii) for the three most recent plan years, Annual Reports on Form 5500 Series required to be filed with any governmental agency for each Pension Plan, Welfare Plan or Benefit Arrangement (to the extent (a) required) which covers or has covered employees, consultants or independent contractors of the Company or any of its Subsidiaries or ERISA Affiliates, (iv) the most recent annual financial report for any Pension Plan and (v) a description setting forth the amount of any material liability of the Company or any of its Subsidiaries as of the Closing Date for payments more than 30

calendar days past due with respect to each Welfare Plan which covers or has covered employees or former employees, consultants or independent contractors of the Company or any of its Subsidiaries.

(i) Pension Plans.

(A) Except as set forth in Schedule 3.21, no Employee Plan is a Pension Plan subject to Title IV or Section 302 of ERISA or Section 312 or 4971 of the Internal Revenue Code. None of the Company or any of its Subsidiaries or any ERISA Affiliate has engaged in, or is a successor or parent corporation to an entity that has engaged in, a transaction described in Section 4069 of ERISA which could reasonably be expected to result in a material liability. None of the Company or any of its Subsidiaries or any ERISA Affiliate has, at any time, (1) ceased operations at a Facility so as to become subject to the provisions of Section 4062(e) of ERISA, (2) withdrawn as a substantial employer so as to become subject to the provisions of Section 4063 of ERISA, or (3) ceased making contributions on or before the Closing Date to any Pension Plan subject to Section 4064(a) of ERISA to which the Company or any of its Subsidiaries or any ERISA Affiliate made contributions during the six years prior to the Closing Date, excluding in each of clauses (1) through (3) any instances other than those which would reasonably be expected to have a material liability which has not yet been satisfied.

(B) Except as set forth on Schedule 3.21, to the knowledge of the Stockholders or the Company, each Pension Plan and each related trust agreement, annuity contract or other funding instrument which covers or has covered employees or former employees of the Company or any of its Subsidiaries which has been operated as a plan qualified under Section 401(a) of the Internal Revenue Code (1) has received a favorable determination letter from the Internal Revenue Service relating to such Pension Plan stating that such Pension Plan and each related trust is qualified and tax-exempt under the provisions of Internal Revenue Code Sections 401(a) and 501(a), (2) has been so qualified during the period from its adoption to the date of such determination letter and (3) any amendment made to the Pension Plan subsequent to the favorable determination letter has not adversely affected the Pension Plan's tax-qualified status. To the knowledge of the Stockholders or the Company, no event or condition exists or has occurred, and neither the Company nor any fiduciary of the Pension Plan has done or failed to do anything that would reasonably be expected to adversely affect such qualified and tax-exempt status.

(C) To the knowledge of the Stockholders or the Company, each Pension Plan and each related trust agreement, annuity contract or other funding instrument which covers or has covered employees or former employees of the Company or any of its Subsidiaries currently complies in

all material respects and has been maintained in compliance in all material respects with its terms and, both as to form and in operation, with the requirements prescribed by any and all statutes, orders, rules and regulations which are applicable to such plans, including ERISA and the Internal Revenue Code. Except as set forth in Schedule 3.21, all contributions required to be made to each Employee Plan under the terms of such plan, ERISA or the Internal Revenue Code for all periods of time before the Closing Date have been, or, as applicable, will by the Closing Date be timely made or paid in full.

(D) Subject to the requirements of the Internal Revenue Code and ERISA, no condition exists which would reasonably be expected to prevent the Company or any of its Subsidiaries or an ERISA Affiliate from amending or terminating any Pension Plan.

(ii) Multiemployer Plans; Multiple Employer Plans. None of the Employee Plans is a Multiemployer Plan or a Multiple Employer Plan. None of the Company, any of its Subsidiaries or any ERISA Affiliate has any liability with respect to a Multiemployer Plan or a Multiple Employer Plan, and no liability will arise or be imposed on the Company or any of its Subsidiaries or any ERISA Affiliate under, or with respect to, any Multiemployer Plan or a Multiple Employer Plan.

(iii) Welfare Plans.

(A) To the knowledge of the Stockholders or the Company, each Welfare Plan which covers or has covered, employees or former employees of the Company or any of its Subsidiaries currently complies in all material respects and has been maintained in compliance in all material respects with its terms and, both as to form and operation, with the requirements prescribed by any and all statutes, orders, rules and regulations which are applicable to such Welfare Plan, including ERISA and the Internal Revenue Code.

(B) Except as required by Section 4980B of the Internal Revenue Code or Part 6 of Title 1, Subtitle B of ERISA, or as set forth in Schedule 3.21, none of the Company or any of its Subsidiaries, any ERISA Affiliate or any Welfare Plan has any present or future obligation to make any payment to, or with respect to any present or former employee of the Company or any of its Subsidiaries or any ERISA Affiliate pursuant to, any retiree medical benefit plan, or other retiree Welfare Plan, and, to the knowledge of the Stockholders or the Company, no condition exists which would reasonably be expected to prevent the Company or any of its Subsidiaries or an ERISA Affiliate from amending or terminating any such benefit plan or such Welfare Plan.

(C) To the knowledge of the Stockholders or the Company, each Welfare Plan which covers or has covered employees or former employees of the Company or any of its Subsidiaries and which is a "group health plan," as defined in Section 607(1) of ERISA, presently complies (and at all relevant times complied) in all material respects with and has been operated in compliance in all material respects with (i) the provisions of Part 6 of Title I, Subtitle B of ERISA and Sections 162(k) and 4980B of the Internal Revenue Code, (ii) Section 712 of ERISA and Section 9812 of the Internal Revenue Code, (iii) Section 711 of ERISA and Section 9811 of the Internal Revenue Code and (iv) Sections 701 through 707 of ERISA and Sections 9801 through 9806 of the Internal Revenue Code.

(D) None of the Company or any of its Subsidiaries or any ERISA Affiliate has maintained, contributed to or had any obligation to maintain or contribute to any Welfare Plan that is a Multiemployer Plan.

(E) To the knowledge of the Stockholders or the Company, the insurance policies or other funding instruments, if any, for each Welfare Plan provide coverage for each employee, consultant, independent contractor or retiree of the Company or any of its Subsidiaries (and, if applicable, their respective dependents) who has been advised by the Company or any of its Subsidiaries, whether through an Employee Plan or otherwise, that he or she is covered by such Welfare Plan.

(F) To the knowledge of the Stockholders or the Company, each Welfare Plan which is a "group health plan" as defined in Section 607(1) of ERISA complies in all material respects with and has been operated in compliance in all material respects with the group health plan requirements of Section 701 et seq. of ERISA, Section 4980D of the Internal Revenue Code and Section 9801 et seq.

(iv) Benefit Arrangements. To the knowledge of the Stockholders or the Company, each Benefit Arrangement presently complies and has been maintained in compliance in all material respects with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations that are applicable to such Benefit Arrangement, including the Internal Revenue Code. Except as provided by law, or in any employment agreement set forth in Schedule 3.21, the employment of all persons presently employed or retained by the Company or any of its Subsidiaries is terminable at will. To the knowledge of the Company or the Stockholders, no condition exists which would reasonably be expected to prevent the Company or any of its Subsidiaries or an ERISA Affiliate from amending or terminating any Benefit Arrangement.

(v) Unrelated Business Taxable Income; Unpaid Contributions. To the knowledge of the Stockholders or the Company, no Employee Plan (or trust or other funding vehicle pursuant thereto) has incurred any material liability under Section 511 of the Internal Revenue Code. To the knowledge of the Stockholders

or the Company, none of the Company or any of its Subsidiaries or any ERISA Affiliate has any material liability for unpaid contributions under Section 515 of ERISA with respect to any Employee Plan.

(vi) Deductibility of Payments. There is no contract, agreement, plan or arrangement covering any employee or former employee of the Company or any of its Subsidiaries that, individually or collectively, requires the payment by the Company or any of its Subsidiaries of any material amount following the Closing (whether such payment relates to periods prior to the Closing or periods following the Closing so long as such payment does not arise out of any action by Buyer following the Closing) (i) that is not deductible under Section 162(a)(1) or 404 of the Internal Revenue Code or (ii) to the knowledge of the Stockholders, that is, or which as a result of the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby could be, an "excess parachute payment" pursuant to Section 280G of the Internal Revenue Code.

(vii) Fiduciary Duties and Prohibited Transactions. To the knowledge of the Stockholders or the Company, none of the Company or any of its Subsidiaries or any plan fiduciary of any Welfare Plan or Pension Plan, which covers or has covered employees or former employees of the Company or any of its Subsidiaries, has engaged in, or has any liability in respect of, any transaction in violation of Sections 404 or 406 of ERISA or any "prohibited transaction," as defined in Section 4975(c)(1) of the Internal Revenue Code, for which no exemption exists under Section 408 of ERISA or Section 4975(c)(2) or (d) of the Internal Revenue Code and which would reasonably be expected to result in a material liability, or has otherwise violated the provisions of Part 4 of Title I, Subtitle B of ERISA so as to create any material liability of the Company or any of its Subsidiaries or any Employee Plan. Neither the Company nor any of its Subsidiaries has participated in a violation of Part 4 of Title I, Subtitle B of ERISA by any plan fiduciary of any Welfare Plan or Pension Plan which would reasonably be expected to result in a material liability, and none of them has been assessed any material civil penalty under Section 502(l) of ERISA. All fiduciaries, as defined in Section 3(21) of ERISA, with respect to the Employee Plans have complied in all material respects with the requirements of Section 404 of ERISA.

(viii) Litigation. Except as set forth in Schedule 3.21, there is no Action, order, writ, injunction, judgment or decree outstanding or, to the knowledge of the Stockholders or the Company, any governmental audit or investigation, relating to or seeking benefits under any Employee Plan (including any Action, order, writ, injunction, judgment or decree relating to any fiduciary of such plans with respect to their duties to such plans) that is pending or, to the knowledge of the Stockholders or the Company, threatened against the Company or any of its Subsidiaries, any fiduciary of any Employee Plan, any ERISA Affiliate or any Employee Plan other than routine claims for benefits in the ordinary course (including routine Actions or Decrees related to "qualified domestic relations orders" as defined in Section 206(d) of ERISA.

(ix) No Amendments. None of the Company, its Subsidiaries or any ERISA Affiliate has announced to employees, former employees or directors an intention to create, or otherwise created, a legally binding commitment to adopt any additional Employee Plan which is intended to cover employees or former employees of the Company or any of its Subsidiaries or to amend or modify any existing Employee Plan which covers or has covered employees or former employees of the Company or any of its Subsidiaries. Except for terminations for which the Company has no material liability, no Employee Plan has been terminated since January 1, 1996.

(x) No Acceleration or Creation of Rights. Except as set forth in Schedule 3.21, neither the execution and delivery of this Agreement by the Company nor the consummation of the transactions

contemplated hereby or thereby will result in the acceleration or creation of any rights of any person to material benefits under any Employee Plan (including the acceleration of the vesting or exercisability of any stock options, the acceleration of the vesting of any restricted stock, the acceleration of the accrual or vesting of any benefits under any Pension Plan, the payment to "disqualified individuals" (as defined in Section 280G of the Internal Revenue Code) of the Company which, individually or in the aggregate, will constitute "excess parachute payments" (as defined in Section 280G of the Internal Revenue Code) resulting in the imposition of the excise tax under Section 4999 of the Internal Revenue Code or the disallowance of deductions under Section 280G of the Internal Revenue Code, the acceleration or creation of any material rights or the payment of any material benefits under any severance, parachute or change in control agreement).

(xi) No Other Material Liability. To the knowledge of the Stockholders or the Company, no event has occurred in connection with which the Company or any of its Subsidiaries or any Employee Plan, directly or indirectly, would reasonably be expected to be subject to any material liability (A) under any statute, regulation or governmental order relating to any Employee Plan or (B) pursuant to any obligation of the Company or any of its Subsidiaries to indemnify any person against liability incurred under any such statute, regulation or order as they relate to the Employee Plans.

(b) There does not now exist, nor, to the knowledge of the Stockholders or the Company, do any circumstances exist that could result in, any Controlled Group Liability that would be a liability of the Company or any of its Subsidiaries following the Closing Date.

3.22 Tax Matters.

(a) Filing of Tax Returns. Except as set forth in Schedule 3.22, the Company and each of its Subsidiaries have timely filed with the appropriate taxing authorities all Tax Returns (including information returns and other material information) in respect of Taxes required to be filed through the date hereof and will timely file any such Tax Return required to be filed for any period ending prior to the Effective Time. Except as set forth in Schedule 3.22, all such Tax Returns are complete and accurate in all respects. All payments made by the Company or any of its Subsidiaries, which have been or will be deducted on any such Tax Return as Section 162 expenses under the Internal Revenue Code were or are ordinary, necessary and reasonable expenses and were or will be properly deducted on any such Tax Return as filed. Except as set forth in Schedule 3.22, neither the Company or any of its Subsidiaries currently has outstanding any request for, or is the beneficiary of, any extension of time within which to file Tax Returns in respect of any Taxes. The Company has delivered to Buyer complete and accurate copies of all federal, state and local income Tax Returns (and written examination reports and statements of deficiency) for the years 1996, 1997 and 1998. No written claim has ever been made by any Taxing Authority in a jurisdiction where the Company or any of its Subsidiaries does not file Tax Returns that the nonfiling entity is or may be subject to taxation by that jurisdiction. Except as set forth in Schedule 3.22, each of the Company and its Subsidiaries has disclosed on its federal income Tax Returns all positions taken that could give rise to a substantial understatement penalty under Section 6662 of the Internal Revenue Code.

(b) Payment of Taxes. All Taxes for which the Company or any of its Subsidiaries are or may be liable in respect of periods (or portions thereof) ending prior to the Effective Time, have been either (i) timely paid, (ii) reserved adequately in accordance with GAAP in the latest Interim Financial Statements, or (iii), with respect to Taxes accruing after the date of the latest Interim Financial Statements, adequately provided for in the Books and Records of the Company and its Subsidiaries.

(c) Audits, Investigations or Claims. Except as set forth in Schedule 3.22, no deficiencies for Taxes have been claimed, proposed or assessed in writing by any Taxing Authority against the Company or any of its Subsidiaries that have not been paid or reserved in the Financial Statements. There are no pending or, to the knowledge of the Stockholders or the Company, threatened audits, investigations or claims for or relating to any liability in respect of Taxes that in the reasonable judgment of the Company are likely to result in a material additional amount of Tax, and there are no matters under discussion with any Taxing Authority with respect to Taxes that in the reasonable judgment of the Company is likely to result in an additional liability for Taxes to the Company or any of its Subsidiaries. Audits of federal, state, and local returns for income Taxes by the relevant taxing or other governmental authorities have been completed for the periods set forth in

Schedule 3.22 and none of the Company or any of its Subsidiaries has been notified in writing that any Taxing Authority intends to audit a Tax Return for any other period. No extension of a statute of limitations relating to Taxes is in effect with respect to the Company or any of its Subsidiaries. No power of attorney has been executed by the Company or any of its Subsidiaries, and is currently in force, with respect to any matter relating to Taxes.

(d) Encumbrances. There are no Encumbrances for Taxes (other than current taxes not yet due and payable) on the Assets of the Company or any of its Subsidiaries.

(e) Safe Harbor Lease Property. Except as set forth in Schedule 3.22, none of the material Assets of the Company or any of its Subsidiaries is property that (i) to the knowledge of the Stockholders or the Company, is required to be treated as being owned by any other person pursuant to the so-called safe harbor lease provisions of former Section 168(f)(8) of the Internal Revenue Code, (ii) directly or indirectly secures any debt the interest on which is tax-exempt under Section 103(a) of the Internal Revenue Code or (iii) is leased to a "tax-exempt" entity.

(f) Tax Election. All elections with respect to Taxes affecting the Company or any of its Subsidiaries as of the date hereof are set forth in Schedule 3.22. None of the Company or any of its Subsidiaries has consented at any time to have the provisions of Section 341(f)(2) of the Internal Revenue Code (or similar provisions under state or local law) apply to any disposition of the Assets. None of Company or any of its Subsidiaries has agreed in writing to make, or is required to make, any adjustments under Section 481(a) of the Internal Revenue Code (or similar provisions under state or local law) by reason of a change in accounting method or otherwise. None of the Company or any of its Subsidiaries has undergone a corporate equity reduction transaction within the meaning of Section 172(h)(3) of the Internal Revenue Code. The Company and each of its Subsidiaries are not currently, have not been within the last five years, and do not anticipate becoming a "United States real property holding corporation" within the meaning of Section 897(c) of the Internal Revenue Code. Neither the Company nor any Subsidiary of the Company has distributed stock of any corporation in a distribution of stock qualifying for Tax-free treatment under Section 355 of the Internal Revenue Code.

(g) Withholding. Except as set forth in Schedule 3.22, the Company and each of its Subsidiaries have withheld and paid all Taxes required to have been withheld and paid to any Taxing Authority in connection with amounts paid or owing to any employee, independent contractor, creditor, shareholder or other third party.

(h) Combined Returns. Except as set forth in Schedule 3.22, neither the Company nor any of its Subsidiaries has been included in any consolidated, combined or unity Tax Return (other than the consolidated Tax Return of the Company and its Subsidiaries) with respect to any taxable period.

(i) Agreements. There are no tax sharing agreements or similar arrangements (whether written or unwritten and including Treasury Regulation Section 1.1502-6) with respect to or involving the Company or any of its Subsidiaries pursuant to which the Company or any of its Subsidiaries may be liable for Taxes of another Person. Except as set forth in Schedule 3.22, neither the Company nor any Subsidiary of the Company is a party to any contract, agreement or other arrangement which provides for the payment of any amount which would not be deductible by reason of Section 280G of the Internal Revenue Code or similar state, local or foreign law.

(j) Tax Free Reorganization Treatment. To the knowledge of the Stockholders or the Company, neither the Company nor any of its Subsidiaries has taken or agreed to take any action, nor does the Company or any of its Subsidiaries have any knowledge of any fact or circumstance, that would prevent the Merger or any other transactions contemplated by this

Agreement from qualifying as a "reorganization" within the meaning of Section 368(a)(2)(D) of the Internal Revenue Code. Neither the Company nor any of its Subsidiaries will take any position on any federal, state or local income or franchise tax return, or take any other tax reporting position that is inconsistent with the treatment of the Merger as a reorganization within the meaning of Internal Revenue Code Section 368(a)(2)(D), unless otherwise required by a "determination" (as defined in Section 1313(a)(1)) of the Internal Revenue

Code or by applicable state or local income or franchise tax law.

3.23 Transactions with Certain Persons. Except as disclosed in Schedule 3.23, (i) no officer, director or shareholder of the Company or any of its Subsidiaries or any member of any such Person's immediate family, or, to the knowledge of the Stockholders or the Company, any Affiliate of such Person, is currently, or since January 1, 1996 has been, directly or indirectly, a party to any transaction, arrangement or relationship (other than employment relationships) with the Company or any of its Subsidiaries and (ii) to the knowledge of the Stockholders or the Company, no employee or any member of any such Person's immediate family, is currently, or since January 1, 1996 has been, a party to any material transaction, arrangement or relationship (other than employment relationships) with the Company or any of its Subsidiaries, including any Contract or Lease (A) providing for the furnishing of services by, (B) providing for the rental of real or personal property from, or (C) otherwise requiring payments to (other than (1) dividends or distributions to any shareholder of the Company in his or her capacity as such or (2) compensation for services as officers, directors or employees of the Company or any of its Subsidiaries), any such Person or any corporation, partnership, trust or other entity in which any such Person has an interest as an officer, director, trustee or partner, or as the holder of more than 10% of such entity's equity securities. The only Contracts, Leases, arrangements, relationships or other items listed in Schedule 3.23 that will remain in place after the Closing or with respect to which the Company or any of its Subsidiaries will have any ongoing obligations or duties are those items which are explicitly identified in Schedule 3.23 as remaining in place or having ongoing obligations or duties.

3.24 Suppliers. Schedule 3.24 sets forth for the period of February 27, 1998 through September 3, 1999 and the period of September 4, 1999 through February 2, 2000, the name and address of each of the ten largest suppliers of the Company and its Subsidiaries based on the aggregate value of Inventory ordered by the Company and its Subsidiaries during such period, and the approximate amount each such supplier invoiced the Company and its Subsidiaries during each such period. Except as set forth in Schedule 3.24, none of the Stockholders, the Company or any of the Company's Subsidiaries has received any notice or has any reason to believe that there has been any material adverse change in the Company's or any of its Subsidiaries' relations with its suppliers or that any such supplier will not sell Inventory or other goods and services to the Company or any of its Subsidiaries after the Closing on terms and conditions similar to those used in its current sales to the Company and its Subsidiaries.

3.25 Banking Relationships. Schedule 3.25 sets forth a complete and accurate description in all material respects of all arrangements that the Company or any of its Subsidiaries has with any banks, savings and loan associations or other financial institutions providing for any accounts, including checking accounts, cash contribution accounts, safe deposit boxes, borrowing arrangements, certificates of deposit or otherwise, indicating in each case account numbers, if applicable, and the person or persons authorized to act or sign on behalf

of the Company or any of its Subsidiaries in respect of any of the foregoing. No person holds any power of attorney or similar authority from the Company or any of its Subsidiaries with respect to any such accounts.

3.26 Prohibited Payments. To the knowledge of the Stockholders or the Company, none of the Company or any of its Subsidiaries has, directly or indirectly, (i) made or agreed to make any contribution, payment or gift to any government official, employee or agent where either the contribution, payment or gift or the purpose thereof was illegal under the laws of any federal, state, local or foreign jurisdiction or (ii) established or maintained any unrecorded fund or asset for any purpose or made any false entries on the Books and Records for any reason.

3.27 Year 2000 Matters. The Company and its Subsidiaries have initiated a review and assessment of all areas within their operations (including those affected by its material suppliers and customers) that could be adversely affected by the inability of computer systems used by the Company or any of its Subsidiaries to recognize and perform properly date-sensitive functions involving certain dates prior to and any date after December 31, 1999 ("Year 2000 Computer System Issues"). Except as set forth in Schedule 3.27, to the knowledge of the Stockholders or the Company, the Company and its Subsidiaries have all systems and software solutions necessary or appropriate to address and accommodate Year 2000 Computer Systems Issues.

3.28 Brokers. No broker, finder or investment banker is entitled to any fee or commission for services rendered on behalf of the Company or any of its Subsidiaries in connection with the transactions contemplated by this Agreement.

3.29 Full Disclosure. To the knowledge of the Stockholders or the Company, none of the representations and warranties of the Company in this Article III (a representation and warranty being deemed to include, for the

purpose of the Section to which it is referenced and not for the purpose of any other Section, the information contained in the schedules hereto) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE STOCKHOLDERS

As an inducement to Buyer and Sub to enter into this Agreement, each Stockholder severally, but not jointly, determined individually as to the representations and warranties contained herein, makes the following representations and warranties to Buyer and Sub, except as set forth in the Schedules delivered to Buyer prior to the execution hereof, a copy of which is attached hereto. The Schedules are numbered to correspond to the various sections of this Article IV setting forth certain exceptions to the representations and warranties contained in this Article IV and certain other information called for by this Agreement. Unless otherwise specified, no disclosure made in any particular Schedule shall be deemed made in any other Schedule unless expressly made therein (by cross-reference or otherwise) unless, and only to the extent that, it would fairly be understood on its face to contain information which also is applicable to the representations and warranties to which such other Schedule relates.

4.1 Ownership of Company Common Stock. Except as described on Schedule 4.1, (i) each Stockholder is the legal and beneficial owner of the number of shares of Company Common Stock listed opposite, his, hers or its name on Schedule 4.1, (ii) such Company Common Stock so listed is free and clear of all Encumbrances and (iii) such Stockholder does not have any right or interest in any Company stock options, warrants, stock appreciation rights, limited stock appreciation or other rights or derivative securities to receive or redeem for cash, warrants, options or other derivative securities.

4.2 Power, Authorization and Enforceability of Agreement. Each Stockholder has the legal capacity, and, if such Stockholder is a corporation or partnership, the corporate or partnership power and authority, to execute and deliver this Agreement, to perform his, hers or its obligations hereunder and to consummate the transactions contemplated hereby with respect to such Stockholder. If such Stockholder is a corporation or partnership, such execution, delivery, performance and consummation by such Stockholder has been duly authorized by all necessary corporate or partnership action on the part of such Stockholder. Except as described on Schedule 4.2, this Agreement has been, and all other agreements, documents and instruments required to be delivered by such Stockholder, pursuant to the provisions hereof (the "Stockholder Documents") have been, or at the Effective Time will be, duly executed and delivered by such Stockholder and this Agreement constitutes, and such of the Stockholder Documents, when executed and delivered will constitute, the legal, valid and binding obligations of such Stockholder enforceable against such Stockholder in accordance with its respective terms, except as enforcement may be limited by debtor relief laws or equitable principles relating to the granting of specific performance and other equitable remedies as a matter of judicial discretion.

4.3 Compliance with Other Instruments and Laws. Except as disclosed on Schedule 4.3, to the knowledge of the respective Stockholder, the execution and delivery by such Stockholder of, and the performance by such Stockholder of his, hers or its respective obligations under, this Agreement and the Stockholder Documents and the consummation of the transactions contemplated hereby and thereby with respect to each such Stockholder do not violate, conflict with, result in any breach of, or constitute a default under (or with the giving of notice or the passage of time or both, violate, conflict with or constitute a default under), (i) any Law that is applicable to such Stockholder, (ii) any provision of the Articles or Certificate of Incorporation or Bylaws or other organizational documents of such Stockholder, or (iii) any mortgage, lease, indenture, agreement, contract or other instrument, document or understanding, oral or written, to which such Stockholder is a party or by which such Stockholder is bound or has rights, except, in the cases of clause (i) and clause (iii) above, for such instances as do not have, individually or in the aggregate, a Material Adverse Effect on such Stockholder's ability to perform its obligations under this Agreement or the Stockholder Documents and such instances which, individually or in the aggregate, to the knowledge of the Company or the Stockholders, with the passage of time, the giving or receipt of notice or the occurrence or nonoccurrence of any other circumstance, action or event, would not reasonably be expected to have a Material Adverse Effect on such Stockholder's ability to perform its obligations under this Agreement or the Stockholder Documents.

4.4 No Third Party Options. Except as described on Schedule 4.4, there are no existing agreements, options, contracts or rights with, of or to

any person to acquire any Company Common Stock owned by such Stockholder from such Stockholder.

4.5 Brokers and Finders. Such Stockholder has not employed any broker or finder or incurred any liability for any fees or commissions in connection with the transactions contemplated herein.

4.6 Investment Representations. Each Stockholder acknowledges that Buyer Common Stock to be issued in the Merger is not being registered under the Securities Act, based, in part, on reliance that the issuance of Buyer Common Stock is exempt from registration under Section 4(2) of the Securities Act as not involving any public offering. Each Stockholder further acknowledges that Buyer's reliance on such exemption is predicated, in part, on the representations set forth below by the Stockholders to Buyer:

(a) Each Stockholder is acquiring Buyer Common Stock solely for its own account, for investment purposes only, and not with an intent to sell, or for resale in connection with any distribution of all or any portion of Buyer Common Stock within the meaning of the Securities Act;

(b) Each Stockholder is an "accredited investor," as such term is defined in Rule 501(a) under the Securities Act, which, by reason of its business and financial experience, has such knowledge, sophistication and experience in business and financial matters as to be capable of evaluating the merits and risks of the investment in Buyer Common Stock;

(c) Each Stockholder is experienced in evaluating and investing in companies such as Buyer. Each Stockholder has been given access to all books, records and other information of Buyer which such Stockholder has desired to review and analyze in connection with such Stockholder's purchase of Buyer Common Stock hereunder;

(d) Each Stockholder is aware that an investment in a closely held corporation such as Buyer is not liquid and will require each Stockholder's capital to be invested for an indefinite period of time, possibly without return. Each Stockholder has the ability to bear the economic risk of this investment, and can afford a complete loss of its investment;

(e) Each Stockholder understands that (i) the offering and sale of Buyer Common Stock hereunder has not been registered under the Securities Act, and that Buyer Common Stock may not be re-offered or re-sold unless Buyer Common Stock is registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available, (ii) if any transfer of Buyer Common Stock is to be made in reliance on an exemption under the Securities Act, Buyer may require an opinion of counsel satisfactory to it that such transfer may be made pursuant to such exemption, and (iii) so long as deemed appropriate by Buyer, Buyer Common Stock may bear a legend to the effect of clauses (i) and (ii) of this paragraph. Each Stockholder represents that it is familiar with Rule 144 promulgated under the Securities Act, as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act; and

(f) At no time was any Stockholder presented with or solicited by any leaflet, public or promotional meeting, newspaper or magazine article, radio or television advertisement or any other form of general advertising relating to the purchase hereunder.

4.7 Tax Free Reorganization Treatment. To the knowledge of each Stockholder, each such Stockholder has not taken and has not agreed to take any action, and each such Stockholder does not have any knowledge of any fact or circumstance, that would prevent the Merger or any other transactions contemplated by this Agreement from qualifying as a "reorganization" within the meaning of Section 368(a)(2)(D) of the Internal Revenue Code. Each of the Stockholders will not take any position on any federal, state or local income or franchise tax return, and will not take any other tax reporting position that is inconsistent with the treatment of the Merger as a reorganization within the meaning of Internal Revenue Code Section 368(a)(2)(D), unless otherwise required by a "determination" (as defined in Section 1313(a)(1)) of the Internal Revenue Code or by applicable state or local income or franchise tax law.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF BUYER

As an inducement to the Company and the Stockholders to enter into this Agreement, Buyer hereby makes the following representations and warranties to the Company and the Stockholders, except as otherwise set forth in the Schedules delivered to the Company prior to the execution hereof, a copy of which is attached hereto. The Schedules are numbered to correspond to the various sections of this Article V setting forth certain exceptions to the representations and warranties contained in this Article V and certain other information called for by this Agreement. Unless otherwise specified, no disclosure made in any particular Schedule shall be deemed made in any other

Schedule unless expressly made therein (by cross-reference or otherwise) unless, and only to the extent that, it would fairly be understood on its face to contain information which also is applicable to the representations and warranty to which such other Schedule relates.

5.1 Organization; Qualification. Each of Buyer and Sub is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada and has the requisite corporate power and authority to own all of its properties and assets and to carry on its business as it is presently being conducted. Buyer is qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification or licensing necessary, other than in such jurisdictions where the failure to be so qualified or licensed would not, individually or in the aggregate, have a Material Adverse Effect on Buyer and Sub taken as a whole and where such failure to be so qualified, to the knowledge of Buyer or Sub, with the passage of time, the giving or receipt of notice or the occurrence or nonoccurrence of any other circumstance, action or event, would not reasonably be expected to have a Material Adverse Effect on Buyer and Sub taken as a whole.

5.2 Authority Relative to this Agreement. Each of Buyer and Sub has all necessary corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby and to perform its obligations hereunder. The execution and

delivery by each of Buyer and Sub of this Agreement and the consummation by each of Buyer and Sub of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Buyer and Sub and, assuming that each of the Company and each of the Stockholders has duly authorized, executed and delivered this Agreement, this Agreement constitutes a valid and binding obligation of each of Buyer and Sub, enforceable against each of Buyer and Sub in accordance with its terms.

5.3 Consents and Approvals. No consent, waiver, agreement, approval or authorization of, or declaration, filing, notice or registration to or with, any Governmental Authority is required to be made or obtained by Buyer or Sub in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby other than those set forth in Schedule 5.3. There is no requirement that any party to any material agreement, contract, lease, note, loan, evidence of indebtedness, purchase order, letter of credit, franchise agreement, undertaking, covenant not to compete, employment agreement, license, instrument, obligation, commitment or purchase and sales order to which either Buyer or Sub is a party or by which either Buyer or Sub is bound, consent to the execution and delivery of this Agreement by either Buyer or Sub or the consummation of the transactions contemplated hereby.

5.4 Non-Contravention. The execution, delivery and performance by each of Buyer and Sub of this Agreement do not, and the consummation by each of Buyer and Sub of the transactions contemplated hereby will not (i) violate or result in a breach of any provision of the Articles of Incorporation of either Buyer or Sub, (ii) result in a breach of or result in a default (or give rise to any right of termination, cancellation or acceleration) under the terms, conditions or provisions of any material agreement, contract, lease, note, loan, evidence of indebtedness, purchase order, letter of credit, franchise agreement, undertaking, covenant not to compete, employment agreement, license, instrument, obligation, commitment or purchase and sales order to which either Buyer or Sub is a party or by which either Buyer or Sub is bound, or (iii) violate any order, writ, injunction, decree or Law applicable to either Buyer or Sub.

5.5 Litigation. There is no Decree or Action pending or, to the knowledge of Buyer or Sub, threatened (a) against either Buyer or Sub or any of its Affiliates with respect to which there is a reasonable likelihood of a determination which would have a Material Adverse Effect on either Buyer or Sub or on the ability of either Buyer or Sub to consummate the transactions contemplated hereby or (b) which seeks to enjoin or prevent, or questions the validity or legality of, the consummation of the transactions contemplated hereby.

5.6 Brokers. Except for Banc of America Securities LLC, no broker, finder or investment banker is entitled to any fee or commission from Buyer for services rendered on behalf of Buyer in connection with transactions contemplated by this Agreement. A true and complete copy of the agreements between Buyer and Bank of America Securities LLC has been delivered to the Company.

5.7 Interim Operations of Sub. Sub has been formed solely for the purpose of engaging in the transactions contemplated hereby and will engage in no other business activities and will conduct its operations only as contemplated hereby. As of the Closing, except for obligations or liabilities incurred in connection with its incorporation or organization and the

transactions contemplated by this Agreement, Sub will not have incurred, directly or indirectly, any obligations or liabilities or engaged in any business activities of any type or kind whatsoever or entered into any agreements or arrangements with any Person.

ARTICLE VI
ADDITIONAL AGREEMENTS

6.1 Conduct of Business. From the date hereof and until the Closing, the Company shall, and shall cause its Subsidiaries to, conduct the Business only in the ordinary and usual course and in a manner consistent with past practices; maintain its Books and Records in accordance with past practices; maintain in good repair (ordinary wear and tear excepted) all of its material structures and Fixtures and Equipment; and use its reasonable best efforts to preserve intact the present business organization and operations of the Business, keep available the services of its officers, employees, representatives, agents and consultants, and preserve its relationships with licensors, suppliers and others having business relationships with it. The Company's management shall be available to meet with Buyer on a reasonable basis with prior notice to discuss the general status of the ongoing operations of the Business and any issues relating to the conduct thereof. The Company shall give prompt notice to Buyer of (i) any Material Adverse Change and, to the knowledge of the Stockholders or the Company, any event or condition which, with the passage of time, the giving or receipt of notice or the occurrence or nonoccurrence of any other circumstance, action or event, would reasonably be expected to constitute a Material Adverse Change, (ii) the occurrence or non-occurrence of any event which would be reasonably likely to cause the Company to believe that any representation or warranty of the Company herein to be untrue or inaccurate, or the failure of the Company to comply with or satisfy any covenant, agreement or condition to be complied with or satisfied by it hereunder and (iii) any budget revisions approved by the Board of Directors of the Company, and will keep Buyer reasonably informed of developments with respect to such events and afford Buyer's representatives reasonable access to all materials in their possession relating thereto.

6.2 Forbearances. Except as contemplated by this Agreement or as set forth on Schedule 6.2, the Company shall not, and shall cause its Subsidiaries not to, from the date hereof until the earlier of (i) the Closing Date or (ii) termination under Article X, without the written consent of Buyer, which consent shall not unreasonably be withheld, (A) take or fail to take any action or enter into any transaction of the kind which if taken or failed to be taken after November 30, 1999, would have been in violation of Section 3.10, (B) engage in any practice, or take, or fail or omit to take, any action or enter into any transaction, other than in the ordinary course of business and consistent with past practices, that would reasonably be expected to cause or result in any of the representations and warranties set forth in Article III to be untrue in any material respect at any time after the date hereof through the Closing Date, (C) declare or make any distribution to the Stockholders, (D) reorganize, sell or dispose of any significant amount of assets, or engage in any sale-leaseback or similar type of transaction with respect to its assets outside the ordinary course of its business, (E) materially increase the level of compensation to any officer, director or employee, or (F) engage in any transaction out of the usual and ordinary course of business. Notwithstanding the foregoing, the Company shall be permitted to take any action prohibited by this Section 6.2 if such action is conditioned upon the nonclosure of the transactions contemplated by this Agreement.

6.3 Negotiations with Others. From the date hereof until the earlier of (i) the Closing Date or (ii) termination of this Agreement under Article X, the Company shall not, and shall instruct each of its representatives (including investment bankers, attorneys and accountants) not to and the Stockholders shall not, directly or indirectly, enter into, solicit, initiate, conduct or continue any discussions or negotiations with, or encourage or respond to any inquiries or proposals by, or provide any information to, or otherwise cooperate in any other way with, any Person or group, other than Buyer and its representatives, concerning any sale of all or any substantial portion of the Assets or the Business of, or of any shares of capital stock or other securities of, the Company or any of its Subsidiaries, or any merger, consolidation, recapitalization, liquidation, dissolution or similar transaction involving the Company or any of its Subsidiaries (each such transaction being referred to herein as a "Proposed Acquisition Transaction"). The Company and the Stockholders hereby represent that neither they nor any of their respective representatives are presently engaged in discussions or negotiations with any party other than Buyer with respect to any Proposed Acquisition Transaction. The Company and the Stockholders agree not to release any third party from, or waive any provision of, any confidentiality or standstill agreement to which any of them is a party.

6.4 Investigation of Business and Properties. From the date hereof

until the earlier of (i) the Closing Date and (ii) termination under Article X, the Company will, and will cause its Subsidiaries to, afford Buyer, any financial institution providing financing to Buyer in connection with the transactions contemplated hereby (subject to the execution of an appropriate confidentiality agreement), and their respective attorneys, accountants, financial advisors and other representatives, reasonable access during regular business hours upon reasonable notice, to make such reasonable inspection of the Assets, business and operations of the Company and its Subsidiaries and to inspect and make copies of Contracts, Books and Records and all other documents and information reasonably requested by Buyer and related to the operations and business of the Company and its Subsidiaries, including historical financial information concerning the business of the Company and its Subsidiaries and to meet with designated Personnel of the Company and its Subsidiaries and/or their representatives; provided that any such access shall be conducted in such a
manner as not to interfere unreasonably with the operation of the Business; provided further, that no disclosure to Buyer, its counsel, accountants or other representatives or to any financial institution or any representative of such financial institution after the date hereof shall be deemed to be a reduction of, or otherwise affect, the representations and warranties of the Company set forth in this Agreement. The Company shall instruct its Personnel, accountants and counsel to cooperate with Buyer, and to provide such documents and information as Buyer and its representatives may reasonably request; provided that Buyer shall execute and deliver to such counsel and accountants such consents and waivers as are customary in connection in providing such documents and information.

6.5 Confidentiality. The provisions dealing with the maintenance of confidentiality with respect to documents provided to Buyer in connection with the transactions contemplated hereby in the letter of intent dated December 28, 1999 between Buyer and the Company (the "Letter of Intent") are hereby incorporated herein by reference. Unless and until the Closing has been consummated, Buyer shall hold, and shall cause its counsel, accountants and other representatives to hold, in confidence all confidential data and information relating to the Company and its Subsidiaries made available to Buyer, together with all analyses, compilations, studies and other documents and records prepared by Buyer or any of its representatives which contain or otherwise reflect or are generated from such information, as set forth in the Letter of Intent. If the transactions contemplated by this Agreement are not consummated, Buyer agrees to keep confidential all data and information relating to the Company and its Subsidiaries or the Business, and upon written request of the Company, to return or cause to be returned to the Company all written materials and all copies that contain any such confidential data or to certify to the Company that such materials have been destroyed. Notwithstanding the foregoing, Buyer may disclose this Agreement and the information and data in Buyer's possession in connection therewith (i) to the extent such disclosure is required by law, (ii) to Quad-C, Inc. and its counsel, accountants and other representatives and (iii) to any financial institution providing financing to Buyer in connection with the transactions contemplated hereby and its counsel, accountants and other representatives.

6.6 No Disclosure; Public Announcements. Prior to Closing, without the prior consent of the other party, (i) except to the extent required by law, neither party will, and each party will direct its directors, officers, employees, representatives and advisors not to, disclose to any other Person (except Buyer's lenders and their counsel) the fact that discussions or negotiations are taking place concerning the transactions contemplated hereby or the existence of this Agreement or any of the terms, conditions or other facts with respect thereto and (ii) except for filings required by law, neither party will issue any press release or otherwise make any public statements with respect to this Agreement and the transactions contemplated hereby.

6.7 Expenses. Except as set forth in Section 2.9 or otherwise provided in this Agreement, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby will be paid by the party incurring such costs and expenses.

6.8 Interim Financial Statements. From the date hereof through the Closing Date, the Company shall provide to Buyer (i) as soon as practicable, but in any event, no later than 15 days after the end of each four week accounting period, the unaudited balance sheet and statements of income, cash flows and stockholders' equity for the Company and its Subsidiaries for the immediately preceding month certified by the chief financial officer of the Company and (ii) within three days after the end of each weekly accounting period, weekly sales reports on a per store basis.

6.9 Efforts to Consummate. Subject to the terms and conditions herein provided, each of the parties hereto agrees to use its reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate, as promptly as practicable, the transactions contemplated hereby, including the obtaining of all necessary

consents, waivers, authorizations, orders and approvals of third parties, whether private or governmental, required of it to enable it to comply with the conditions precedent to consummating the transactions contemplated by this Agreement. Each party agrees to cooperate fully with the other party in assisting it to comply with this Section 6.9. Without limiting the generality of the foregoing, (i) the Company agrees to cause its Personnel to provide all reasonable cooperation in connection with the arrangement of any financing as Buyer shall request and (ii) each party hereto shall defend and cooperate with each other party in defending any legal proceedings, whether judicial or administrative and whether brought derivatively or on behalf of third parties, challenging this Agreement or the consummation of the transactions contemplated hereby. Except as set forth in Schedule 6.9, no consideration, whether such

consideration shall consist of the payment of money or shall take any other form, for any consent, waiver or agreement necessary to the consummation of the transactions contemplated hereby shall be given or promised by the Company without the prior written approval of Buyer. Notwithstanding the foregoing, nothing contained herein shall require (i) any party hereto or any of its respective Affiliates to sell, transfer, divest or otherwise dispose of any of its respective business, assets or properties in connection with this Agreement or any of the transactions contemplated hereby or (ii) any party hereto to initiate any litigation, make any substantial payment or incur any material economic burden (including as a result of any divestiture), except for payments a party presently is contractually obligated to make, to obtain any consent, waiver, authorization, order or approval.

6.10 Environmental Investigation. Buyer shall have the right to (i) inspect records, reports, permits, applications, monitoring results, studies, correspondence data and any other information or documents relevant to environmental conditions or environmental noncompliance and (ii) inspect all buildings and equipment at the Facilities including, without limitation, the visual inspection of the Facilities for asbestos-containing construction materials; provided that in each case, such inspections shall be conducted only
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(A) during regular business hours and upon reasonable notice and (B) in a manner that will not materially interfere with the operation of the business of the Company and its Subsidiaries and/or the use of, access to or egress from the Facilities.

6.11 Further Assurances. At the Closing or from time to time thereafter, the parties hereto shall execute and deliver such other instruments and shall take such other actions as the other reasonably may request in order to consummate, complete and carry out the transactions contemplated by this Agreement.

6.12 HSR Act. The Company and Buyer shall, as promptly as practicable after the date hereof, submit and cause their respective ultimate parent entities to submit all documents, reports and notifications, and satisfy all requests for additional information, if any, pursuant to the HSR Act.

6.13 Tax Treatment; Plan of Reorganization. Buyer, Sub, the Company, and the Stockholders agree to treat the Merger as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. This Agreement is intended to constitute a "plan of reorganization" within the meaning of Section 1.368-2(g) of the Treasury Regulations promulgated under the Internal Revenue Code. During the period from the date of this Agreement through the Effective Time, unless the parties shall otherwise agree in writing, none of the Stockholders or the Company or any of its Subsidiaries shall knowingly take or fail to take any action which action or failure to act would jeopardize qualification of the Merger as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

6.14 Form 5500 Filings. Prior to the Effective Time, the Company will file all delinquent Form 5500 series filings with respect to the Pension Plans with the Internal Revenue Service under the Internal Revenue Service's delinquent filer voluntary compliance program. The Company will pay all costs and penalties associated with such filing.

6.15 Tax Matters. The following provisions shall govern the allocation of responsibility as between Buyer, the Company and the Stockholders for certain Tax matters following the Effective Time:

(a) Tax Periods Ending Immediately Prior to the Effective Time.

Subject to approval by the Stockholder Agent, Buyer shall prepare or cause to be prepared and file or cause to be filed all Tax Returns for the Company and its Subsidiaries for all periods ending prior to the Effective Time which are filed after the Closing Date. Buyer shall permit the Stockholder Agent and its representatives to review and comment on each such Tax Return described in the

preceding sentence prior to filing. The Stockholders shall reimburse Buyer for Taxes, if any, of the Company and its Subsidiaries with respect to such periods within fifteen (15) days after payment by Buyer or the Company and its Subsidiaries of such Taxes to the extent such Taxes are not reflected in the reserve for Tax liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) shown on the face of the Closing Balance Sheet. To the extent any such Tax Return results in a Tax refund or credit to Buyer in excess of any Tax asset reflected on the face of the Closing Balance Sheet, upon receipt of such excess amount of Tax refund or credit, Buyer shall pay such excess amount to the Stockholders in the following manner: (i) issue to each Stockholder additional shares of Buyer Common Stock having a value equal to 50% of the amount of such excess amount of Tax refund or credit based on each such Stockholder's Pro Rata Percentage and (ii) deliver to each Stockholder that elected Cash Merger Consideration pursuant to Section 2.8(a)(ii), immediately available funds in the amount of 50% of such excess amount of Tax refund or credit based on each such Stockholder's Pro Rata Percentage or issue to each Stockholder that elected Debenture Merger Consideration pursuant to Section 2.8(a)(ii), Debentures in the amount of 50% of such excess amount of Tax refund or credit based on each such Stockholder's Pro Rata Percentage. Buyer shall not file any amended Tax Return or accept the amendment of any Tax Return without the consent of the Stockholder Agent.

(b) Tax Periods Beginning Before and Ending After the Effective Time. Buyer shall prepare or cause to be prepared and file or cause to be filed any Tax Returns of the Company and its Subsidiaries for Tax periods which begin before the Effective Time and end on or after the Effective Time. The Stockholders shall pay to Buyer within fifteen (15) days after the date on which Taxes are paid with respect to such periods an amount equal to the portion of such Taxes which relates to the portion of such taxable period ending immediately prior to the Effective Time to the extent such Taxes are not reflected in the reserve for the Tax liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) shown on the face of the Closing Balance Sheet. For purposes of this Section, in the case of any Taxes that are imposed on a periodic basis and are payable for a taxable period that includes (but does not end immediately prior to) the Effective Time, the portion of such Tax which relates to the portion of such taxable period ending immediately prior to the Effective Time (x) in the case of any Taxes other than Taxes based upon or related to income, sales, use or receipts, be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction the numerator of which is the number of days in the taxable period ending immediately prior to the Effective Time and the denominator of which is the number of days in the entire taxable period, and (y) in the case of any Tax based upon or related to income, sales, use or receipts be deemed equal to the amount which would be payable if the relevant taxable period ended immediately prior to the Effective Time. Any credits relating to a

taxable period that begins before and ends after the Effective Time shall be taken into account as though the relevant Taxable period ended immediately prior to the Effective Time. All determinations necessary to give effect to the foregoing allocations shall be made in a manner consistent with prior practice of the Company and its Subsidiaries.

(c) Cooperation on Tax Matters.

(i) Buyer, the Company and its Subsidiaries and the Stockholders shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns pursuant to this Section and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. The Company, its Subsidiaries and the Stockholders agree (A) to retain all books and records with respect to Tax matters pertinent to the Company and its Subsidiaries relating to any taxable period beginning before the Effective Time until the later of one year following the expiration of the statute of limitations (and, to the extent notified by Buyer or the Stockholders, any extensions thereof) of the respective taxable periods or the resolution of any audit, litigation, investigation or other proceeding with respect to Taxes, and to abide by all record retention agreements entered into with any Taxing Authority, and (B) to give the other party reasonable written notice, prior to transferring, destroying or discarding any such books and records and, if the other party so requests, the Company and its Subsidiaries or the

Stockholders, as the case may be, shall allow the other party to take possession of such books and records.

(ii) Buyer and the Stockholders further agree, upon request, to use their best efforts to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, with respect to the transactions contemplated hereby).

(iii) Buyer and the Stockholders further agree, upon request, to provide the other party with all information that either party may be required to report pursuant to Section 6043 of the Internal Revenue Code and all Treasury department regulations promulgated thereunder.

(d) Tax Sharing Agreements. All Tax sharing agreements or similar agreements with respect to or involving the Company and its Subsidiaries shall be terminated as of the Effective Time and, after the Effective Time, the Company and its Subsidiaries shall not be bound thereby or have any liability thereunder.

(e) Settlement of Audits, Litigation, Investigations or Other Tax Proceedings. The Stockholder Agent shall be entitled to settle any audit, litigation, investigation or other proceeding relating to Taxes for any period or partial period ending prior to the Effective Time,

without the consent of Buyer, so long as such settlement will not result in any adverse consequences to Buyer and/or the Company taking into account only the Tax issues that are the subject of such settlement; provided, however, that if any such proposed settlement would result in any payment required to be made by Buyer and/or the Company such proposed settlement shall be deemed to result in adverse consequences to Buyer and/or the Company and the Stockholder Agent must obtain the consent of Buyer prior to entering into any such settlement, which consent shall not be unreasonably withheld. For the purpose of determining the reasonableness of Buyer's refusal to consent, Buyer shall take into account only the Tax issues that are the subject of such proposed settlement.

(f) Certain Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement shall be paid by the Stockholders when due, and the Stockholders will, at their own expense, file all necessary Tax Returns and other documentation with respect to all such transfer, documentary, sales, use, stamp, registration and other such Taxes and fees, and if required by applicable law, Buyer will, and will cause its affiliates to, join in the execution of any such Tax Returns and other documentation.

6.16 Delivery of Reports to the Company and Access to Officers. Buyer agrees that it shall deliver to the Company prior to the Closing Date, all reports and analyses prepared by any of Buyer's accountants, attorneys or consultants or by any of Quad-C, Inc.'s accountants, attorneys or consultants. Buyer shall permit the Company reasonable access to its officers for the purpose of interviewing such officers regarding their knowledge of matters relating to the Company.

6.17 Valuation Items. The parties hereby agree and acknowledge that the items specifically described (including amounts related thereto) in Schedule 6.17 were taken into account for the purpose of Buyer's valuation of the Company. Accordingly, notwithstanding any other provision herein to the contrary, in no event shall the Stockholders be required to indemnify or reimburse any Buyer Indemnified Party in connection with costs or expenses incurred by Buyer or the Company relating to any such item, except to the extent such costs and expenses exceed the amounts set forth on Schedule 6.17 with respect to each such item.

6.18 Retained Assets. Prior to the Closing Date, the Company shall distribute the properties and assets identified on Schedule 6.18 to the Stockholders; provided, however, that the fair market value of such properties and assets shall not exceed $100,000 and the parties agree that the fair market value of such assets and properties shall be equal to the net book value of such property and assets. The effect of the distribution of such assets shall be taken into account in the preparation of the Closing Balance Sheet.

6.19 Books and Records. The Company, its Subsidiaries and the Stockholders agree (A) to retain all books and records with respect to matters pertinent to the Company and its Subsidiaries relating to indemnification obligations of the Stockholders pursuant to Article IX until the later of one

year following the expiration of the survival periods of such indemnification obligations set forth in Article IX (and, to the extent notified by Buyer or the Stockholders, any extensions thereof) or the resolution of any litigation, investigation or other proceeding with respect to such matters, and (B) to give the other party reasonable written notice, prior to

transferring, destroying or discarding any such books and records and, if the other party so requests, the Company and its Subsidiaries or the Stockholders, as the case may be, shall allow the other party to take possession of such books and records.

6.20 Company Schedules. The parties hereby acknowledge that the "Company Schedules" (which shall include Schedule 2.9(b), all of the Schedules enumerated in Article III, all of the Schedules enumerated in Article IV, Schedule 6.2, Schedule 6.9, Schedule 6.17, Schedule 6.18 and Schedule 8.9) have not been completed and delivered to Buyer as of the date of this Agreement. The Company will use its best efforts, and will cause its counsel to use its best efforts, to deliver completed Company Schedules, and copies of all documents referenced therein, to Buyer and its counsel as soon as practicable, but in no event later than February 28, 2000. Buyer, its counsel and its financial advisors shall have two business days following receipt of such completed Company Schedules, and all documents referenced therein, to review such Company Schedules and documents and to comment thereon. The Company Schedules shall in all respects be subject to final acceptance and approval by Buyer in its sole discretion. If and when the Company Schedules are accepted and approved by Buyer, Buyer will notify the Company in writing of such acceptance and approval, at which time the Company Schedules shall be deemed final for all purposes under this Agreement.

ARTICLE VII
CONDITIONS TO OBLIGATIONS OF BUYER

The obligation of Buyer to consummate the transactions contemplated by this Agreement shall be subject, in the sole discretion of Buyer, to the satisfaction, on or prior to the Closing Date, of each of the following conditions, any of which may be waived by Buyer in accordance with Section 11.8:

7.1 Representations and Warranties. The representations and warranties of the Stockholders and the Company contained in Articles III and IV hereof shall be true and correct in all respects (in the case of any representation or warranty containing any materiality qualification) and in all material respects (in the case of any representation or warranty without any materiality qualification) as of the date of this Agreement and as of the Closing Date; provided that "knowledge," "best knowledge" and similar terms and phrases shall be deemed to be deleted therefrom; provided further that to the extent that any such representations and warranties were made as of a specified date, such representations and warranties shall continue on the Closing Date to have been true in all material respects as of such specified date.

7.2 Performance of this Agreement. The Company shall have, in all material respects, performed all covenants and agreements and complied with all conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date.

7.3 Consents and Approvals. All registrations, filings, applications, notices, consents, orders, approvals, qualifications, waivers and Licenses and Permits listed in Schedule 3.4 or otherwise necessary to effect the transactions contemplated hereby shall have been filed, made or obtained and all waiting periods specified by law with respect thereto shall have expired

or been terminated. The waiting period under the HSR Act shall have expired or been terminated.

7.4 Injunction, Litigation, etc. No Actions by any Governmental Authority or any other Person shall have been instituted or threatened for the purpose of enjoining or preventing, or which question the validity or legality of, the transactions contemplated hereby and which could reasonably be expected to damage Buyer materially if the transactions contemplated hereby are consummated.

7.5 Legislation. No statute, rule or regulation shall have been proposed (and reasonably believed will be enacted) or enacted which prohibits or might prohibit, restrict or materially delay the consummation of the transactions contemplated by this Agreement.

7.6 Proceedings. All corporate proceedings of the Company that are required in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in form and substance to Buyer and its counsel.

7.7 Closing Deliveries. Buyer shall have received, at or prior to the Closing, the following:

(i) a certificate of the Company executed by the Company's Secretary certifying as of the Closing Date (A) a true and correct copy of the Certificate or Articles of Incorporation of the Company, (B) a true and correct copy of the Bylaws of the Company, (C) a true and correct copy of the resolutions of the board of directors of the Company and the Stockholders authorizing the execution, delivery and performance of this Agreement by the Company and the consummation of the transactions contemplated hereby and (D) incumbency matters;

(ii) a certificate of the Company executed by the chief executive officer and the chief financial officer of the Company certifying that, as of the Closing Date, the conditions set forth in Sections 7.1, 7.2, 7.3 and 7.8 have been satisfied;

(iii) a certificate of each Stockholder certifying that, as of the Closing Date, the conditions set forth in Section 7.1 have been satisfied;

(iv) a copy of the Articles of Incorporation of the Company and all amendments thereto, each certified as of a recent date by the Secretary of State of the State of Delaware or other appropriate governmental official;

(v) a certificate of the appropriate Secretary of State or other appropriate governmental official certifying the good standing of the Company in Delaware and all other states where it is qualified to do business;

(vi) all other documents and certificates required to be delivered by the Company pursuant to the terms of this Agreement.

7.8 Material Change. There shall not have been any Material Adverse Change with respect to the Company and its Subsidiaries since the date of this Agreement, nor any event or condition which, with the passage of time, the giving or receipt of notice or the occurrence or nonoccurrence of any other circumstance, action or event, would reasonably be expected to result in any Material Adverse Change.

7.9 Quad-C Investment. The transactions contemplated by that certain Stock Subscription Agreement, dated as of the date of this Agreement, by and among Red Robin International, Inc., RR Investors, LLC and RR Investors II, LLC shall have been or will be simultaneously consummated.

7.10 Shareholders Agreement; Registration Rights Agreement. RR Investors, LLC and its Affiliates, Skylark Company, Ltd. and its Affiliates, Gerald Kingen and the Stockholders shall have entered into the Shareholders Agreement and the Registration Rights Agreement substantially in the forms of Exhibits C and D hereto.

7.11 Master Agreement; Stock Purchase and Sale Agreement. The Master Agreement among Buyer, Skylark Company, Ltd. and certain other shareholders of Buyer dated as of March 10, 1996 shall be terminated by the parties thereto. The Stock Purchase and Sale Agreement dated December 29, 1986, among Skylark Company, Ltd. and certain shareholders of Buyer shall be terminated by the parties thereto.

7.12 Employment Agreement. Michael J. Snyder shall have executed and delivered to Buyer the Employment Agreement, substantially in the form of Exhibit E.

7.13 Due Diligence Review. Buyer shall be satisfied, in its sole discretion, with the results of its continuing due diligence review of the Company and its Assets, businesses, operations and Personnel.

7.14 Opinion of Financial Advisor. Buyer shall have received an opinion from Banc of America Securities LLC as of the date of this Agreement and as of the Closing Date to the effect that the transactions contemplated by this Agreement are fair to Buyer's shareholders from a financial point of view.

7.15 Escrow Agreement. The Stockholders and the Escrow Agent shall have executed and delivered to Buyer the Escrow Agreement, substantially in the form of Exhibit J.

7.16 Minimum Debenture Merger Consideration. The Stockholders shall have elected to receive, pursuant to Section 2.8, Debenture Merger Consideration

in an amount in excess of any outstanding amounts under any notes or other obligations of any of the Stockholders to the Company as of the Closing Date.

7.17 Dissenting Stockholders. There shall be no dissenting stockholders pursuant to Section 262 of the DGCL.

7.18 Refinancing of Debt. Buyer shall have entered into a new credit facility to refinance its existing credit facilities with Japanese banks upon terms and conditions reasonably satisfactory to Buyer, the Company and the Stockholders.

7.19 Assets. The properties and assets set forth in Schedule 3.15 shall have been or will simultaneously be transferred to the Company and shall be owned by the Company as of the Effective Time.

7.20 Tax Free Reorganization Treatment. Neither the Company, any of its Subsidiaries nor any of the Stockholders shall have taken or agreed to take any action, nor does the Company, any of its Subsidiaries or the Stockholders have any knowledge of any fact or circumstance, that would prevent the Merger or any other transactions contemplated by this Agreement from qualifying as a "reorganization" within the meaning of Section 368(a)(2)(D) of the Internal Revenue Code. Neither the Company, any of its Subsidiaries nor the Stockholders shall have taken any position on any federal, state or local income or franchise tax return, or taken any other tax reporting position that is inconsistent with the treatment of the Merger as a reorganization within the meaning of Internal Revenue Code Section 368(a)(2)(D), unless otherwise required by a "determination" (as defined in Section 1313(a)(1)) of the Internal Revenue Code or by applicable state or local income or franchise tax law. No event, fact or circumstance shall have occurred or been brought to the attention of Buyer that would, or in Buyer's reasonable judgment would, prevent the Merger or any other transactions contemplated by this Agreement from qualifying as a "reorganization" within the meaning of Section 368(a)(2)(D) of the Internal Revenue Code.

7.21 Approval of the Company Schedules. Buyer shall have accepted and approved, in its sole discretion, final Company Schedules.

ARTICLE VIII
CONDITIONS TO OBLIGATIONS OF THE COMPANY AND THE STOCKHOLDERS

The obligation of the Company and the Stockholders to consummate the transactions contemplated by this Agreement shall be subject, in the sole discretion of the Company, to the satisfaction, on or prior to the Closing Date, of each of the following conditions, any of which may be waived by the Company in accordance with Section 11.8.

8.1 Representations and Warranties. The representations and warranties of Buyer and Sub contained in Article V hereof shall be true and correct in all respects (in the case of any representation or warranty containing any materiality qualification) and in all material respects (in the case of any representation or warranty without any materiality qualification) as of the date of this Agreement and as of the Closing Date; provided that --------
"knowledge," "best knowledge" and similar terms and phrases shall be deemed to be deleted therefrom; provided further that to the extent that any such -------- -------
representations and warranties were made as of a specified date, such representations and warranties shall continue on the Closing Date to have been true in all material respects as of such specified date.

8.2 Performance of this Agreement. Buyer and Sub shall have, in all material respects, performed all covenants and agreements and complied with all conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date.

8.3 Consents and Approvals. All registrations, filings, applications, notices, consents, orders, approvals, qualifications or waivers listed in Schedule 5.3 or otherwise necessary to effect the transactions contemplated hereby shall have been filed, made or obtained and all waiting periods specified by law with respect thereto shall have expired or been terminated. The waiting period under the HSR Act shall have expired or been terminated.

8.4 Injunction, Litigation, etc. No Actions by any Governmental Authority or any other Person shall have been instituted or threatened for the purpose of enjoining or preventing, or which question the validity or legality of, the transactions contemplated hereby and which could reasonably be expected to damage the Company materially if the transactions contemplated hereby are consummated.

8.5 Legislation. No statute, rule or regulation shall have been proposed (and reasonably believed will be enacted) or enacted which prohibits or might prohibit, restrict or materially delay the consummation of the transactions contemplated this Agreement.

8.6 Proceedings; Certificates. All company proceedings of Buyer that are required in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in form and substance to the Company and its counsel.

8.7 Closing Deliveries. The Company shall have received, at or prior to the Closing, the following:

(i) a certificate of Buyer and Sub executed by the Secretary of Buyer and Sub, respectively, certifying as of the Closing Date (A) a true and correct copy of the Articles of Incorporation of Buyer and Sub, (B) a true and correct copy of the Bylaws of Buyer and Sub, (C) a true and correct copy of the resolutions of the board of directors of Buyer and Sub authorizing the execution, delivery and performance of this Agreement by Buyer and Sub and the consummation of the transactions contemplated hereby and (D) incumbency matters;

(ii) a certificate of Buyer and Sub executed by the Chief Financial Officer of Buyer and Sub, respectively, certifying that, as of the Closing Date, the conditions set forth in Sections 8.1, 8.2, and 8.3 with respect to Buyer and Sub have been satisfied;

(iii) a copy of the Articles of Incorporation of Buyer and Sub and all amendments thereto, each certified as of a recent date by the Secretary of State of the State of Nevada or other appropriate governmental official;

(iv) a certificate of the appropriate Secretary of State or other appropriate governmental official certifying the good standing of Buyer and Sub in Nevada and in all other states where it is qualified to do business; and

(v) all other documents and certificates required to be delivered by Buyer or Sub pursuant to the terms of this Agreement.

8.8 Tax Free Reorganization Treatment. Neither Buyer nor Sub shall have taken or agreed to take any action, nor does Buyer or Sub have any knowledge of any fact or circumstance, that would prevent the Merger or any other transactions contemplated by this Agreement from qualifying as a "reorganization" within the meaning of Section 368(a)(2)(D) of the Internal Revenue Code. Neither Buyer nor Sub shall have taken any position on any federal, state or local income or franchise tax return, or taken any other tax reporting position that is inconsistent with the treatment of the Merger as a reorganization within the meaning of Internal Revenue Code Section 368(a)(2)(D), unless otherwise required by a "determination" (as defined in Section 1313(a)(1)) of the Internal Revenue Code or by applicable state or local income or franchise tax law. No event, fact or circumstance shall have occurred or been brought to the attention of the Company or the Stockholders that would, or in the Company's or the Stockholders' reasonable judgment would, prevent the Merger or any other transactions contemplated by this Agreement from qualifying as a "reorganization" within the meaning of Section 368(a)(2)(D) of the Internal Revenue Code.

8.9 Releases. Buyer shall have obtained a release of all guaranties and assurances set forth on Schedule 8.9, by any Stockholder of indebtedness or lease obligations of the Company, any of its Subsidiaries or Buyer or Buyer shall have agreed to indemnify the Stockholders for any liability arising under such guaranties and assurances in a form reasonably satisfactory to Buyer and the Stockholders.

8.10 Merger Consideration. Buyer shall have delivered the Stock Merger Consideration and the Cash Merger Consideration or Debenture Merger Consideration to the Stockholders pursuant to Section 2.8.

8.11 Quad-C Investment. The transactions contemplated by that certain Stock Subscription Agreement, dated as of the date of this Agreement, by and among Red Robin International, Inc., RR Investors, LLC and RR Investors II, LLC shall have been or will be simultaneously consummated.

8.12 Master Agreement; Stock Purchase and Sale Agreement. The Master Agreement among Buyer, Skylark Company, Ltd. and certain other shareholders of Buyer dated as of March 10, 1996 shall be terminated by the parties thereto. The Stock Purchase and Sale Agreement dated December 29, 1986, among Skylark Company, Ltd. and certain shareholders of Buyer shall be terminated by the

parties thereto.

8.13 Shareholders Agreement; Registration Rights Agreement. RR Investors, LLC and its Affiliates, Skylark Company, Ltd. and its Affiliates, Gerald Kingen and the Stockholders shall have entered into the Shareholders Agreement and the Registration Rights Agreement substantially in the forms of Exhibits C and D hereto.

8.14 Employment Agreement. Buyer shall have executed and delivered to Michael J. Snyder the Employment Agreement, substantially in the form of Exhibit E.

8.15 Refinancing of Debt. Buyer shall have entered into a new credit facility to refinance its existing credit facilities with Japanese banks upon terms and conditions reasonably satisfactory to Buyer, the Company and the Stockholders.

8.16 Indenture. Buyer and the Trustee shall have executed the Indenture, substantially in the form of Exhibit I.

ARTICLE IX
SURVIVAL OF REPRESENTATIONS; INDEMNIFICATION

9.1 Survival of Representations. The representations and warranties of the Company and the Stockholders contained in this Agreement (including the Company Schedules hereto) or any certificate or instrument delivered pursuant hereto and the corresponding indemnification obligations of the Stockholders pursuant to Section 9.2 will survive until the earlier of (i) eighteen months following the Closing Date or (ii) 60 days after Buyer's auditors deliver a signed audit report with respect to the Company's fiscal year 2000; provided
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that the representations and warranties contained in (A) Sections 3.1, 3.2, 3.3, 4.1, 4.2, 4.4 and 4.6 shall survive the Closing indefinitely and (B) Sections 3.21 and 3.22 shall survive the Closing for the period of the applicable statute of limitations. All representations and warranties of Buyer contained in this Agreement (including the Buyer Schedules hereto) or any certificate or instrument delivered pursuant hereto and the corresponding indemnification obligations of Buyer pursuant to Section 9.3 will survive until the first anniversary of the Closing Date. The respective dates on which the representations and warranties hereunder lapse are hereinafter referred to as the "Survival Date". Notwithstanding the provisions of the first two sentences of this Section 9.1, any representation or warranty in respect of which indemnification may be sought under Section 9.2 or 9.3, as the case may be, shall survive the Survival Date if written notice, given in good faith, of the specific breach thereof is given to the indemnifying party prior to the Survival Date, whether or not liability has actually been incurred, but such representation or warranty shall survive only with respect to the subject matter of such notice.

9.2 Indemnification by the Stockholders.

(a) From and after the Closing, subject to the limitations contained in this Article IX, the Stockholders, severally, but not jointly, will indemnify and hold harmless Buyer, its Affiliates, Surviving Corporation, each of their respective Subsidiaries, partners, directors, officers, employees and agents, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Buyer Indemnified Parties") from and against, and pay or reimburse the Buyer Indemnified Parties for, any and all Covered Liabilities actually incurred or paid by the Buyer Indemnified Parties as a result of:

(i) any breach of a representation and warranty made by the Company or the Stockholders in this Agreement or in any document delivered pursuant hereto, except for those representations and warranties made by the Stockholders in Article IV; provided that in determining whether an
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inaccuracy, omission or breach has occurred and the amount of any Covered Liabilities, any knowledge, materiality, Material Adverse Effect, Material Adverse Change, substantial compliance or similar exception or qualification contained in or otherwise applicable to such representation or warranty shall be disregarded;

(ii) the nonfulfillment, nonperformance or other breach of any covenant or agreement of the Company contained in this Agreement;

(iii) any Controlled Group Liability;

(iv) any liability or obligation, whether civil or criminal, arising out of or related to any Action required to be set forth in Schedule 3.12, but which is not set forth therein;

(v) any Employee Plan; and

(vi) any pre-Closing Taxes.

(b) From and after the Closing, subject to the limitations contained in this Article IX, each of the Stockholders will severally, but not jointly, indemnify and hold harmless the Buyer Indemnified Parties from and against, and pay or reimburse the Buyer Indemnified Parties for, any and all Covered Liabilities actually incurred or paid by the Buyer Indemnified Parties as a result of:

(i) any breach of a representation and warranty made by such Stockholder in Article IV of this Agreement; provided that in determining whether an inaccuracy, omission or breach has occurred and the amount of any Covered Liabilities, any knowledge, materiality, Material Adverse Effect, Material Adverse Change, substantial compliance or similar exception or qualification contained in or otherwise applicable to such representation or warranty shall be disregarded; and

(ii) the nonfulfillment, nonperformance or other breach of any covenant or agreement of such Stockholder contained in this Agreement.

(c) The indemnity provided for in this Section 9.2 is not limited to matters asserted by third parties against any Buyer Indemnified Party, but includes Covered Liabilities actually incurred or sustained by any Buyer Indemnified Party in the absence of third party claims.

9.3 Indemnification by Buyer.

(a) From and after the Closing, subject to the limitations contained in this Article IX, Buyer will indemnify and hold harmless the Stockholders and each of their respective Affiliates, partners, directors, officers, employees and agents, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Stockholder Indemnified Parties") from and against, and pay or reimburse the Stockholder Indemnified Parties for, any and all Covered Liabilities actually incurred or paid by the Stockholder Indemnified Parties as a result of:

(i) any breach of a representation and warranty made by Buyer in this Agreement or in any document delivered pursuant hereto; provided that in determining whether an inaccuracy, omission or breach has occurred and the amount of any Covered Liabilities, any knowledge, materiality, Material Adverse Effect, Material Adverse Change, substantial compliance or similar exception or

qualification contained in or otherwise applicable to such representation or warranty shall be disregarded; and

(ii) the nonfulfillment, nonperformance or other breach of any covenant or agreement of Buyer contained in this Agreement.

(b) The indemnity provided for in this Section 9.3 is not limited to matters asserted by third parties against any Stockholder Indemnified Party, but includes Covered Liabilities actually incurred or sustained by any Stockholder Indemnified Party in the absence of third-party claims.

9.4 Notice and Defense of Claims.

(a) Whenever a claim shall arise for indemnification hereunder, the party seeking indemnification (an "indemnified party") shall give reasonably prompt notice to the party from whom indemnification is sought (an "indemnifying party") of the claim for indemnification and the facts, in reasonable detail, constituting the basis for such claim (a "Claim Notice"); provided that failure of an indemnified party to give prompt written notice of any claim shall not release, waive or otherwise affect an indemnifying party's obligations with respect thereto except to the extent that the indemnifying party is adversely affected in its ability to defend against such claim or is otherwise prejudiced thereby. In the case of any claim for indemnification by any Buyer Indemnified Party, (i) the Claim Notice shall specify whether such claim is being made pursuant to Section 9.2(a) or Section 9.2(b) and (ii) such Buyer Indemnified Party shall deliver the Claim Notice to the Escrow Agent at the time of delivery to the indemnifying party.

(b) In the case of a claim involving the assertion of a claim by a third party (whether pursuant to an Action or otherwise, a "Third-Party Claim"), if the indemnifying party shall acknowledge in writing to the indemnified party that the indemnifying party shall be obligated to indemnify the indemnified party under the terms of its indemnity hereunder in connection with such Third-Party Claim, then (i) the indemnifying party shall be entitled and, if it so elects, shall be obligated at its own cost, risk and expense, (A) to take control of the defense and investigation of such Third-Party Claim and (B) to pursue the defense thereof in good faith by appropriate actions or proceedings promptly taken or instituted and diligently pursued, including to employ and engage attorneys of its own choice reasonably acceptable to the indemnified party to handle and defend the same, and (ii) subject to Section 6.15(e), the indemnifying party shall be entitled (but not obligated), if it so elects, to compromise or settle such claim, which compromise or settlement shall be made at its sole discretion and cost so long as such indemnifying party obtains a full release of the indemnified party as to any Covered Liabilities in connection with such Third-Party Claim; provided, however, that if such indemnifying party
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does not obtain such full release of the indemnified party, then any such compromise or settlement shall be made only with the written consent of the indemnified party, such consent not to be unreasonably withheld. In the event the indemnifying party elects to assume control of the defense and investigation of such lawsuit or other legal action in accordance with this Section 9.4(b), the indemnified party may, at its own cost and expense, participate in the investigation, trial and defense of such Third-Party Claim; provided that, if
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the named Persons to an Action include both the indemnifying party and the indemnified party and the indemnified party has been advised in writing by counsel that there may be one or more legal

defenses available to such indemnified party that are different from or additional to those available to the indemnifying party, the indemnified party shall be entitled, at the indemnifying party's cost, risk and expense, to separate counsel of its own choosing. If the indemnifying party fails to assume the defense of such Third-Party Claim or fails to acknowledge to the indemnified party that it is obligated to indemnify the indemnified party in accordance with this Section 9.4(b) within 10 calendar days after receipt of the notice of such Third Party Claim, the indemnified party against which such Third-Party Claim has been asserted shall (upon delivering notice to such effect to the indemnifying party) have the right to undertake, at the indemnifying party's cost, risk and expense, the defense, compromise and settlement of such Third-Party Claim on behalf of and for the account of the indemnifying party; provided that such Third-Party Claim shall not be compromised or settled without
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the written consent of the indemnifying party, which consent shall not be unreasonably withheld. In the event the indemnifying party assumes the defense of the Third Party Claim, the indemnifying party shall keep the indemnified party reasonably informed of the progress of any such defense, compromise or settlement, and in the event the indemnified party assumes the defense of the Third Party Claim, the indemnified party shall keep the indemnifying party reasonably informed of the progress of any such defense, compromise or settlement. The indemnifying party shall be liable for any settlement of any Third-Party Claim effected pursuant to and in accordance with this Section 9.4(b) and for any final judgment (subject to any right of appeal), and the indemnifying party agrees to indemnify and hold harmless each indemnified party from and against any and all Covered Liabilities by reason of such settlement or judgment.

(c) If the claim for indemnification involves a matter other than a Third Party Claim, the indemnifying party shall have 30 days after delivery of a Claim Notice to object to such claim by delivery of a written notice of such objection to such indemnified party specifying in reasonable detail the basis for such objection and in the case of any objection by the Stockholder Agent to claims for indemnification pursuant to Section 9.2(a) or any Stockholder to claims for indemnification pursuant to Section 9.2(b), as the case may be, such objection shall be delivered to the Escrow Agent at the time of delivery to the indemnified party. Failure timely to so object shall constitute a final and binding acceptance of the claim for indemnification by the indemnifying party, and the claim shall be paid in accordance with the further provisions hereof. If an objection is timely interposed by the indemnifying party, then the indemnified party and the indemnifying party shall negotiate in good faith for a period of 30 days from the date the indemnified party receives such objection prior to commencing any arbitration, formal legal action, suit or proceeding with respect to such claim for indemnification.

(d) Upon Final Determination (as defined below) of the amount of a claim for indemnification made by a Buyer Indemnified Party under Section 9.2(a) or 9.2(b), the Stockholders or the indemnifying Stockholder, respectively, shall, within three business days after the Final Determination of the amount thereof, elect to either (i) pay to such Buyer Indemnified Party, in immediately available funds, the amount of such claim or (ii) execute and

deliver written instructions to the Escrow Agent to release to such Buyer Indemnified Party Escrow Assets (rounded up to the next whole share with respect to any Buyer Common Stock, if necessary) with a value equal to the amount of such claim; provided, however, that if the Stockholders or the indemnifying
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Stockholder, respectively, do not satisfy such claim in accordance with the foregoing, such Buyer Indemnified Party shall be entitled to deliver evidence of the Final Determination of the amount of such claim to the Escrow Agent for the

immediate release of Escrow Assets with a value equal to the amount of such claim; provided, further, that if the delivery of Buyer Common Stock to such
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Buyer Indemnified Party to satisfy such claim will result in the disqualification of the Merger as a "reorganization" within the meaning of Section 368(a)(2)(D), the Stockholders or the indemnifying Stockholder, respectively, shall pay such Buyer Indemnified Party an amount in cash, in immediately available funds, to satisfy such claim. If, in accordance with the foregoing, the Escrow Agent releases Escrow Assets to such Buyer Indemnified Party, to the extent the Escrow Assets are insufficient to satisfy the full amount of such claim, or in the event that the escrow account has been terminated by the terms of the Escrow Agreement, then the Stockholders or the indemnifying Stockholder, respectively, shall satisfy any remaining indemnification obligation by the delivery of shares of Buyer Common Stock (rounded up to the next whole share) received in the Merger or otherwise or by the payment of immediately available funds. If, in accordance with the foregoing, the amount of a claim for indemnification made by a Buyer Indemnified Party under Section 9.2(a) or 9.2(b), has been satisfied by the Stockholders or the indemnifying Stockholder, respectively, by payment of the amount of such claim to such Buyer Indemnified Party, in immediately available funds (other than any funds that have been deposited with the Escrow Agent), Buyer shall deliver written instructions to the Escrow Agent to distribute an amount of Escrow Assets equal to the amount of such claim, to the Stockholders or the indemnifying Stockholder, respectively, pursuant to the terms of the Escrow Agreement. For purposes of this provision, the value of each such share of Buyer Common Stock held by the Stockholders or by the Escrow Agent under the Escrow Agreement shall be equal to the Closing Stock Value.

(e) Upon Final Determination of the amount of a claim for indemnification made by a Stockholder Indemnified Party, the amount of such claim shall be satisfied by Buyer, within three business days after the Final Determination of the amount of such claim, by the Stockholder Agent's election to either (i) issue shares of Buyer Common Stock (rounded up to the next whole share) with a value equal to the amount of such claim or (ii) pay, in immediately available funds, the amount of such claim; provided, however, that
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if the payment of funds to the Stockholder Indemnified Party to satisfy such claim will result in the disqualification of the Merger as a "reorganization" within the meaning of Section 368(a)(2)(D), Buyer shall issue shares of Buyer Common Stock to the Stockholder Indemnified Party to satisfy such claim. The issuance of shares of Buyer Common Stock or payment of immediately available funds to the Stockholders pursuant to this Section 9.4(e) shall be on a pro rata basis based on each Stockholder's percentage ownership of the Company immediately prior to the Effective Time. For purposes of this provision, the value of each such share of Buyer Common Stock shall be equal to the Closing Stock Value.

(f) A "Final Determination" of a claim shall be (i) a judgment of any court determining the validity of a disputed claim, if no appeal is pending from such judgment or if the time to appeal therefrom has elapsed (it being understood that the indemnified party shall have no obligation to appeal); or (ii) an award of any arbitrator or arbitration panel determining the validity of such disputed claim, if there is not pending any motion to set aside such award or if the time within which to move to set such award aside has elapsed; or (iii) a written termination of the dispute with respect to such claim signed by all of the parties thereto or their attorneys; or (iv) a written acknowledgment of the indemnifying party that it no longer disputes the validity of

such claim; or (v) such other evidence of final determination of a disputed claim as shall be reasonably acceptable to the parties.

9.5 Limitations on Indemnification.

(a) Notwithstanding any other provision of this Article IX, the Stockholders shall not be liable under Section 9.2(a)(i) or 9.2(b)(i), unless and until the aggregate amount of liability thereunder exceeds $400,000, and thereafter the indemnified party shall be entitled to indemnification thereunder only for the aggregate amount of such liability in excess of such amount; provided that the foregoing limitations shall not apply to liability for a

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breach of the representations or warranties in Sections 3.1, 3.2, 3.3, 3.28, 4.1 and 4.2 and to any fraudulent breach of representations or warranties.

(b) Notwithstanding any other provision of this Article IX, (i) Buyer shall not be liable under Section 9.3(a)(i) unless and until the aggregate amount of liability (after taking into account any insurance proceeds actually paid with respect thereto) thereunder exceeds $400,000, and thereafter the indemnified party shall be entitled to indemnification thereunder only for the aggregate amount of such liability in excess of such amount; provided that the
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foregoing limitations shall not apply to liability for a breach of the representations or warranties in Sections 5.1, 5.2 and 5.6 and to any fraudulent breach of representations and warranties, (ii) for a period of three years following the Closing Date, the maximum amount for which the Stockholder Indemnified Parties shall be entitled to indemnification under Section 9.3 shall be $12,500,000 in the aggregate, and (iii) beginning on the third anniversary of the Closing Date, the maximum amount for which the Stockholder Indemnified Parties shall be entitled to indemnification under Section 9.3 shall be reduced from $12,500,000 to $5,000,000 in the aggregate; provided, however, that the
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maximum liability of $5,000,000 during such period shall be increased by the amount of (i) any indemnification claims by any Stockholder Indemnified Party satisfied by Buyer during the period beginning on the Closing Date and ending on the third anniversary of the Closing Date and (ii) any indemnification claims made by any Stockholder Indemnified Party that is pending as of the third anniversary of the Closing Date.

9.6 Calculation of Covered Liabilities.

(a) Insurance Proceeds. To the extent that any claim for
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indemnification is covered by insurance held by any indemnified party, such indemnified party shall be entitled to indemnification pursuant to Section 9.2 or 9.3, as applicable, only with respect to the amount of the Covered Liabilities that are in excess of the cash proceeds received by such indemnified party pursuant to such insurance. If such indemnified party receives such cash insurance proceeds prior to the time such claim is paid, then the amount payable by the indemnifying party pursuant to such claim shall be reduced by the amount of such proceeds. If such indemnified party receives such cash insurance proceeds after such claim has been paid, then upon the receipt by the indemnified party of any cash proceeds pursuant to such insurance up to the amount of Covered Liabilities incurred by such indemnified party with respect to such claim, such indemnified party shall promptly repay any portion of such amount which was previously paid by the indemnifying party to such indemnified party in satisfaction of such claim. For purposes of determining whether the Covered Liabilities have achieved the minimum liability amount set

forth in Section 9.5, the Covered Liabilities shall be calculated net of any insurance proceeds received by the indemnified party.

(b) Effect of Taxes. The amount of any indemnity payments for Covered
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Liabilities under Section 9.2 or 9.3 above shall be (i) decreased to reflect the actual Tax Benefit, if any, to the indemnified party resulting from the Covered Liabilities giving rise to such indemnity payments and (ii) increased to reflect the actual Tax Loss, if any, payable by such indemnified party as a result of the receipt of such Covered Liabilities, in each case subject to the limitations on indemnification contained in Section 9.5. In either case, the amount shall be determined by the indemnified party taking into account only the taxable period in which such indemnity payment accrues (and prior periods) and not any subsequent periods. If an indemnity payment is made prior to the filing of relevant Tax Returns, the amount shall be determined on an estimated basis. Proper adjustments shall be made if the actual Tax Benefit or actual Tax Loss differ from the estimated amount.

9.7 Exclusive Remedy. Except for post-closing covenants and actions grounded in fraud, the parties hereto acknowledge and agree that in the event the Closing occurs, the indemnification provisions in this Article IX shall be the exclusive remedy of Buyer and the Stockholders with respect to the transactions contemplated by this Agreement. With respect to post-closing covenants and actions grounded in fraud, (i) the right of a party to be indemnified and held harmless pursuant to the indemnification provisions in this Agreement shall be in addition to and cumulative of any other remedy of such party at law or in equity and (ii) no such party shall, by exercising any remedy available to it under this Article IX, be deemed to have elected such remedy exclusively or to have waived any other remedy, whether at law or in equity, available to it

ARTICLE X
TERMINATION

10.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(i) by the mutual written consent of the Company, Buyer and the Stockholders;

(ii) by Buyer, if any event occurs which renders impossible compliance with one or more of the conditions set forth in Article VII hereof, which condition or conditions are not waived by Buyer; provided that Buyer has notified the Company of the occurrence of such event and the Company has not within 30 days after the delivery of such notice, complied with such condition;

(iii) by the Company or the Stockholders, if any event occurs which renders impossible compliance with one or more of the conditions set forth in Article VIII hereof, which condition or conditions are not waived by the Company; provided that the Company or the Stockholders have notified Buyer of the occurrence of such event and Buyer has not within 30 days after the delivery of such notice, complied with such condition; or

(iv) by the Company, the Stockholders or Buyer if the Closing has not occurred by April 30, 2000.

10.2 Procedure: Effect of Termination. If this Agreement is terminated as provided in Section 10.1, written notice thereof shall forthwith be given by the terminating party to the other party, and this Agreement shall thereupon terminate and become void and of no further force and effect and there shall be no further liability or obligation on the part of either party hereto except for the obligations under Sections 6.5 and 6.7; provided that termination of this Agreement by Buyer, the Company or the Stockholders pursuant to clause (ii) or (iii) of Section 10.1, respectively, shall not relieve the defaulting or breaching party (the "Breaching Party"), whether or not it is the terminating party, of liability for damages actually incurred by the other party as a result of breach of this Agreement by the Breaching Party.

ARTICLE XI
GENERAL PROVISIONS

11.1 Notices. All notices required to be given hereunder shall be in writing and shall be deemed to have been given if (i) delivered personally or by documented courier or delivery service, (ii) transmitted by facsimile during normal business hours or (iii) mailed by registered or certified mail (return receipt requested and postage prepaid) to the following listed persons at the addresses and facsimile numbers specified below, or to such other persons, addresses or facsimile numbers as a party entitled to notice shall give, in the manner hereinabove described, to the others entitled to notice:

(a) If to the Company, to:

The Snyder Group Company
5575 DTC Parkway, Suite 370
Englewood, Colorado 80111
Attention: Michael J. Snyder
Facsimile No.: 303-846-6013

with a copy to:

Name: Powers & Therrien, P.S.
3502 Tieton Drive
Yakima, Washington 98902
Attention: Keith Therrien and Les Powers
Facsimile No.: 509-453-0745

(b) If to Buyer or Sub, to:

Red Robin International, Inc.
5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
Attention: John Grant
Facsimile No.: 303-846-6073

with a copy to:

O'Melveny & Myers LLP
610 Newport Center Drive, 17th Floor
Newport Beach, California 92660
Attention: Thomas J. Leary

Facsimile No.: 949-823-6994

(c)if to the Stockholders, to:

Michael J. Snyder, the Stockholder Agent
The Snyder Group Company
5575 DTC Parkway, Suite 370
Englewood, Colorado 80111
Facsimile No.: 303-846-6013

If given personally or by documented courier or delivery service, or transmitted by facsimile, a notice shall be deemed to have been given when it is received. If given by mail, it shall be deemed to have been given on the third business day following the day on which it was posted.

11.2 Interpretation. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement. For purposes of this Agreement, the words "includes" and "including" shall mean "including without limitation." As used herein, "knowledge of the Company" shall mean the actual knowledge of the executive officers of the Company identified in Schedule 11.2(a) hereto after reasonable inquiry of other Personnel of the Company and its Subsidiaries, "knowledge of Buyer" shall mean the actual knowledge of the executive officers of Buyer identified in Schedule 11.2(b) hereto after reasonable inquiry of other Personnel of Buyer and "knowledge of the Stockholders" shall mean the actual knowledge of the Stockholders after due inquiry. All accounting terms not defined in this Agreement shall have the meaning determined by GAAP. All capitalized terms defined herein are equally applicable to both the singular and plural forms. The language in all parts of this Agreement shall be construed, in all case, according to its fair meaning. The parties acknowledge that each party and its counsel have reviewed this Agreement and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

11.3 Entire Agreement. This Agreement, together with the Letter of Intent, the Schedules and Exhibits hereto, contain the entire agreement among the parties with respect to the subject matter hereof and there are no agreements, understandings, representations or warranties between the parties other than those set forth or referred to herein; provided that the forms of agreements
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attached hereto as Exhibits or Schedules shall be superseded by the copies of such agreements executed and delivered by the respective parties thereto, the execution and delivery of such agreements by the parties thereto to be conclusive evidence of such parties' approval of any change or modification therein.

11.4 No Third Party Beneficiaries. Except as set forth in Article IX, nothing in this Agreement (whether expressed or implied) is intended to confer upon any person other than the

parties hereto, any rights or remedies under or by reason of this Agreement nor is anything in this Agreement intended to relieve or discharge the liability of any party hereto, nor shall any provision hereof give any person any right of subrogation against, or action over against any party. Without limiting the generality of the foregoing, nothing contained herein shall confer any third party beneficiary right (actual or implied) upon any employee of the Company or any of its Subsidiaries or obligate the Company or any of its Subsidiaries to continue any such employee in its employ for any specified period of time or at any specified salary, wages or benefits after the Closing Date.

11.5 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that no party hereto will assign its rights or delegate its obligations under this Agreement without the express prior written consent of each other party hereto.

11.6 Severability. In the event that this Agreement or any other instrument referred to herein, or any of their respective provisions, or the performance of any such provision, is found to be invalid, illegal or unenforceable under applicable law now or hereafter in effect, the parties shall be excused from performance of such portions of this Agreement as shall be found to be invalid, illegal or unenforceable under the applicable laws or regulations without, to the maximum extent permitted by law, affecting the validity of the remaining provisions of the Agreement. Should any method of termination of this Agreement or a portion thereof be found to be invalid, illegal or unenforceable, such method shall be reformed to comply with the requirements of applicable law so as, to the greatest extent possible, to allow termination by that method. Nothing herein shall be construed as a waiver of any party's right to challenge the validity of such law.

11.7 Amendment. This Agreement may be amended, modified or supplemented at any time by the parties hereto. This Agreement may be amended only by an

instrument in writing signed by each of the parties hereto.

11.8 Extension; Waiver. At any time prior to the Closing Buyer or the Company may (i) extend the time for the performance of any of the obligations of the other party hereto, (ii) waive a breach of a representation or warranty of the other party hereto, or (iii) waive compliance by the other party hereto with any of the agreements or conditions contained herein. Any such extension or waiver shall be valid if set forth in a written instrument signed by the party giving the extension or waiver. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

11.9 Disclosure Schedules. Certain of the representations and warranties set forth in this Agreement contemplate that there will be attached schedules setting forth information that might be "material" or have a "Material Adverse Effect on the Company and its Subsidiaries." The Company may, at its option, include in such schedules items that are not material or are not likely to have a Material Adverse Effect on the Company and its Subsidiaries in order to avoid any misunderstanding, and any such inclusion shall not be deemed to be an acknowledgment or representation that such items are material or would have a Material Adverse Effect

on the Company and its Subsidiaries, to establish any standard of materiality or Material Adverse Effect on the Company and its Subsidiaries, or to define further the meaning of such terms for purposes of this Agreement

11.10 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.11 Jurisdiction; Waiver of Jury Trial. The parties hereto irrevocably submit to the exclusive jurisdiction of the United States District Court for the District of Nevada (or, if subject matter jurisdiction in that court is not available, in the Eighth Judicial District Court for the County of Clark) over any dispute arising out of or relating to this Agreement or any agreement or instrument contemplated hereby or entered into in connection herewith or any of the transactions contemplated hereby or thereby. Each party hereby irrevocably agrees that all claims in respect of such dispute or proceeding shall be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by applicable Law, any objection that they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum in connection therewith. THE PARTIES HERETO WAIVE THE RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING SEEKING ENFORCEMENT OF SUCH PARTY'S RIGHTS UNDER THIS AGREEMENT.

11.12 Governing Law. This Agreement shall be governed in all respects by the laws of the State of Nevada without regard to any laws or regulations relating to choice of laws (whether of the State of Nevada or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Nevada.

11.13 Stockholder Agent.

(a) Michael J. Snyder is hereby appointed by the Stockholders to act as the Stockholders' agent (the "Stockholder Agent") for purposes of (i) asserting and/or responding to, on behalf of all of the Stockholders, any indemnification claims under Article IX, (ii) instituting and/or coordinating any legal action (including, if the Stockholder Agent in his sole discretion shall determine it is necessary or appropriate, the legal defense of any claim for indemnification sought by Buyer hereunder in respect thereof), (iii) asserting, by means of a Dispute Notice, any disagreement in connection with the Closing Balance Sheet or Buyer's proposed adjustment, if any, of the Stock Merger Consideration pursuant to Section 2.9, (iv) accepting any certificates or notices delivered by Buyer to the Stockholders pursuant to this Agreement, (v) executing written instructions to the Escrow Agent and (vi) taking any action on behalf of the Stockholders, in response to any certificate or notice from Buyer or otherwise, that the Stockholder Agent determines is necessary or appropriate. Accordingly, Buyer agrees (i) to provide any certificate and/or notice required or permitted to be given hereunder to the Stockholders to the Stockholder Agent, (ii) to utilize the Stockholder Agent for purposes of asserting and resolving indemnification claims pursuant to Article IX, (iii) to prepare and deliver to the Stockholder Agent a Closing Balance Sheet and Buyer's proposed adjustment, if any, to the Stock Merger Consideration pursuant to Section 2.9, and (iv) to utilize the Stockholder Agent for purposes of resolving any Dispute Notice received by Buyer in connection with the Closing Balance Sheet and Buyer's proposed adjustment, if any, to the Stock Merger Consideration. Notwithstanding

anything herein to the contrary, the Stockholder Agent shall in no event be

liable for any indemnification obligation or any obligation arising from a disagreement in connection with the Closing Balance Sheet or Buyer's proposed adjustment, if any, of the Stock Merger Consideration of the Stockholders other Dthan the Stockholder Agent's pro rata share of such obligations based on the Stockholder Agent's ownership percentage of the Company immediately prior to the Effective Time. Each of the Stockholders hereby agrees to pay, promptly upon the written request of the Stockholder Agent therefor, any and all costs and expenses (including, without limitation, any and all attorneys' fees and expenses) incurred by the Stockholder Agent in responding to the indemnification claims and in resolving any disagreements concerning the Closing Balance Sheet or Buyer's proposed adjustment, if any, of the Stock Merger Consideration; provided, however, the amount paid by each Stockholder for such costs and expenses shall be limited to such Stockholder's pro rata share of such obligations based on such Stockholder's ownership percentage of the Company immediately prior to the Effective Time.

(b) Michael J. Snyder may, in his sole discretion, resign as the Stockholder Agent, provided that Michael J. Snyder shall give Buyer 20 days' prior written notice of his inability or unwillingness to serve as the Stockholder Agent hereunder. If Michael J. Snyder is unable to or unwilling to act as the Stockholder Agent, a majority in interest of the Stockholders shall be entitled to appoint a substitute agent(s) for such purpose. Michael J. Snyder shall have no liability whatsoever to any of the Stockholders, the Surviving Corporation or Buyer in acting as the Stockholder Agent except for actions taken in manifest bad faith. Buyer shall be entitled to rely on the authority of the Stockholder Agent for all purposes provided for herein, and Buyer shall have no liability to the Stockholders for the failure of the Stockholder Agent to perform any action or satisfy any obligation provided for herein.

11.14 Stockholders Covenant. Whenever in this Agreement the Company is obligated to take any action, the Stockholders shall cause the Company to take the action that is required.

11.15 Attorney's Fees. In the event of any Action for breach of this Agreement or misrepresentation by any party, the prevailing party shall be entitled to reasonable attorney's fees, costs and expenses incurred in such Action. Attorney's fees incurred in enforcing any judgment in respect of this Agreement are recoverable as a separate item. The preceding sentence is intended to be severable from the other provisions of this Agreement and to survive any judgment and, to the maximum extent permitted by law, shall not be deemed merged into any such judgment.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their duly authorized officers.

RED ROBIN INTERNATIONAL, INC.,
a Nevada corporation

By: /s/ James P. McCloskey

Name: JAMES P. McCLOSKEY

Title: V P, CFO and Secretary

RED ROBIN HOLDING CO., INC.,
a Nevada corporation

By: /s/ James P. McCloskey

Name: JAMES P. McCLOSKEY

Title: V P and Secretary

THE SNYDER GROUP COMPANY,
a Delaware corporation

By:_____
Name:_____
Title:_____

THE STOCKHOLDERS

_____
Michael J. Snyder

_____
Stephen Snyder, individually and as the
Trustee of the Stephen S. Snyder Trust

_____
Louise Snyder, individually and as the
Trustee of the Louise Snyder Trust

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their duly authorized officers.

RED ROBIN INTERNATIONAL, INC.,
a Nevada corporation

By:_____
Name:_____
Title:_____

RED ROBIN HOLDING CO., INC.,
a Nevada corporation

By:_____
Name:_____
Title:_____

THE SNYDER GROUP COMPANY,
a Delaware corporation

By: /s/ Michael J. Snyder

Name: MICHAEL J. SNYDER

Title: President

THE STOCKHOLDERS

/s/ Michael J. Snyder

Michael J. Snyder

_____
Stephen Snyder, individually and as the
Trustee of the Stephen S. Snyder Trust

_____
Louise Snyder, individually and as the
Trustee of the Louise Snyder Trust

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their duly authorized officers.

RED ROBIN INTERNATIONAL, INC.,
a Nevada corporation

By:_____
Name:_____
Title:_____

RED ROBIN HOLDING CO., INC.,
a Nevada corporation

By:_____
Name:_____
Title:_____

THE SNYDER GROUP COMPANY,
a Delaware corporation

By: /s/ Steve Snyder

Name: Steve Snyder

Title: Vice President

THE STOCKHOLDERS

_____
Michael J. Snyder

/s/ Stephen Snyder Trustee

Stephen Snyder, individually and as the
Trustee of the Stephen S. Snyder Trust

_____
Louise Snyder, individually and as the
Trustee of the Louise Snyder Trust

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their duly authorized officers.

RED ROBIN INTERNATIONAL, INC.,
a Nevada corporation

By:_____
Name:_____
Title:_____

RED ROBIN HOLDING CO., INC.,
a Nevada corporation

By:_____
Name:_____
Title:_____

THE SNYDER GROUP COMPANY,
a Delaware corporation

By:_____
Name:_____
Title:_____

THE STOCKHOLDERS

_____
Michael J. Snyder

_____
Stephen Snyder, individually and as the
Trustee of the Stephen S. Snyder Trust

/s/ Louise Snyder

Louise Snyder, individually and as the
Trustee of the Louise Snyder Trust

/s/ Mike Woods

Mike Woods

/s/ Bob Merullo

Bob Merullo (sic)

SHAMROCK INVESTMENT COMPANY,
a Washington general partnership

By: _____
Name:_____
Title:_____

_____
George D. Hansen

_____
Deborah Hansen

_____
Beverly C. Brown (Cook)

_____
L.V. Brown, Jr.

_____
Mike Woods

_____
Bob Merullo (sic)

SHAMROCK INVESTMENT COMPANY,
a Washington general partnership

By: /s/ George D. Hansen

Name:_____
Title:_____

/s/ George D. Hansen

George D. Hansen

_____
Deborah Hansen

/s/ Beverly C. Brown

Beverly C. Brown (Cook)

_____
L.V. Brown, Jr.

_____
Mike Woods

_____
Bob Merullo (sic)

SHAMROCK INVESTMENT COMPANY,
a Washington general partnership

By:_____
Name:_____
Title:_____

/s/ George D. Hansen

George D. Hansen

/s/ Deborah Hansen

Deborah Hansen

_____
Beverly C. Brown (Cook)

_____

_____
Mike Woods

_____
Bob Merullo (sic)

SHAMROCK INVESTMENT COMPANY,
a Washington general partnership

By:_____
Name:_____
Title:_____

/s/ George D. Hansen

George D. Hansen

_____
Deborah Hansen

/s/ Beverly C. Brown

Beverly C. Brown (Cook)

_____
L.V. Brown, Jr.

S-2

_____
Mike Woods

_____
Bob Merullo (sic)

SHAMROCK INVESTMENT COMPANY,
a Washington general partnership

By:_____
Name:_____
Title:_____

/s/ George D. Hansen

George D. Hansen

/s/ Deborah Hansen

Deborah Hansen

_____
Beverly C. Brown (Cook)

/s/ L.V. Brown, Jr. P/R for L.V. Brown, Jr.
by George D. Hansen Durable Power of
Attorney for L.V. Brown, Jr.

L.V. Brown, Jr.

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List of Omitted Exhibits and Schedules

The following exhibits and schedules to the Agreement and Plan of Merger have

been omitted and shall be furnished supplementally to the Commission upon request:

Exhibit A	-	Stockholders
Exhibit B	-	Form of Shareholders Agreement
Exhibit C	-	Form of Registration Rights Agreement
Exhibit D	-	Form of Employment Agreement
Exhibit E	-	Estimated Closing Balance Sheet
Exhibit F	-	Form of Debenture
Exhibit G	-	Form of Indenture
Exhibit H	-	Form of Escrow Agreement
Exhibit I	-	Merger Agreement
Schedule 2.9(b)	-	Variations from GAAP
Schedule 3.1	-	Organization and Qualification
Schedule 3.2	-	Capitalization
Schedule 3.4	-	Consents and Approvals
Schedule 3.5	-	Non-Contravention
Schedule 3.6	-	Environmental Matters
Schedule 3.7	-	Licenses and Permits
Schedule 3.8	-	The Company's Compliance
Schedule 3.9	-	GAAP
Schedule 3.10	-	Absence of Changes
Schedule 3.11	-	Undisclosed Liabilities
Schedule 3.12	-	Litigation
Schedule 3.13	-	Real Property
Schedule 3.14	-	Personal Property
Schedule 3.15	-	Sufficiency of Assets
Schedule 3.17	-	Intellectual Property
Schedule 3.18	-	Contracts
Schedule 3.19	-	Insurance
Schedule 3.20	-	Labor Matters
Schedule 3.21	-	Employee Plans
Schedule 3.22	-	Tax Matters
Schedule 3.23	-	Transactions with Certain Persons
Schedule 3.24	-	Suppliers
Schedule 3.25	-	Banking Relationships
Schedule 4.1	-	Company Common Stock Ownership
Schedule 4.2	-	Enforceability
Schedule 4.3	-	Stockholder Compliance
Schedule 4.4	-	Third Party Options
Schedule 5.3	-	Consents and Approvals
Schedule 6.2	-	Forbearances
Schedule 6.9	-	Efforts to Consummate
Schedule 6.17	-	Valuation Items
Schedule 6.18	-	Retained Assets
Schedule 8.9	-	Releases
Schedule 11.2(a)	-	The Company's Executive Officers
Schedule 11.2(b)	-	Buyer's Executive Officers

EXHIBIT 2.4

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "Agreement") is entered into as of this 23rd day of January, 2001, by and among Red Robin International, Inc., a Nevada corporation ("Red Robin"), Red Robin Gourmet Burgers, Inc., a Delaware corporation and a wholly-owned subsidiary of Red Robin ("RRGB"), and Red Robin Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of RRGB ("RRMS").

WHEREAS, Red Robin desires to create a new holding company structure by effecting a merger whereby RRMS will merge with and into Red Robin, with (a) Red Robin continuing as the surviving corporation of such merger and (b) each outstanding share (or any fraction thereof) of the common stock of Red Robin, par value $.001 per share ("Red Robin Common Stock") being converted in such merger into a like number of shares of the common stock of RRGB, par value $.001 per share, ("RRGB Common Stock"), all in accordance with the terms of this Agreement (the "Merger") and the provisions of the Delaware General Corporation Law and the Nevada General Corporation Law;

WHEREAS, the Boards of Directors of Red Robin, RRGB and RRMS have approved this Agreement and the Merger upon the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto agree as follows:

ARTICLE I

MERGER

1.01. The Merger. In accordance with the provisions of this Agreement, the General Corporation Law of the State of Delaware and the General Corporation Law of the State of Nevada, at the Effective Time (as defined in Article IV hereof), RRMS shall be merged with and into Red Robin, the separate existence of RRMS shall cease, and Red Robin shall continue as the surviving corporation (the "Surviving Corporation") under the name Red Robin Operating Company, Inc.

1.02. Surviving Corporation. Upon the consummation of the Merger, the Surviving Corporation shall succeed to and retain, without other transfer, all of the rights and property of RRMS, including any and all contracts or agreements under which RRMS is a party or beneficiary, and shall be subject to all of the debts, obligations and liabilities of RRMS in the same manner as if the Surviving Corporation had itself incurred them; all rights of creditors and all liens upon the property of each of Red Robin and RRMS shall be preserved unimpaired; provided, that such rights and liens shall be limited, if at all, in the same manner as in effect immediately prior to the Effective Time; any action or proceeding pending by or against RRMS may be prosecuted to judgment, which shall bind the Surviving Corporation, or the Surviving Corporation may be proceeded against or substituted in its place.

ARTICLE II

ARTICLES OF INCORPORATION; BYLAWS

2.01. Articles of Incorporation. Except as provided herein, the Articles of Incorporation of Red Robin, as in effect at the Effective Time, shall be the Articles of Incorporation of the Surviving Corporation, until thereafter amended in accordance with applicable law.

2.02. Bylaws. The Bylaws of Red Robin, as in effect at the Effective Time, shall be the Bylaws of the Surviving Corporation, until thereafter amended in accordance with applicable law.

ARTICLE III

DIRECTORS AND OFFICERS

3.01. Directors. At the Effective Time, the Board of Directors of the Surviving Corporation shall be Edward T. Harvey, Gary J. Singer and Michael J. Snyder until their respective successors are elected and qualified.

3.02. Officers. At the Effective Time, the officers of Red Robin

immediately prior to the Effective Time shall be deemed to be the officers of Surviving Corporation until their respective successors shall be appointed and qualified.

ARTICLE IV

EFFECTIVE TIME OF THE MERGER

As used in this Agreement, the "Effective Time" of the Merger shall mean the date on which a Certificate of Merger has been duly filed with the Secretary of State of the State of Delaware and Articles of Merger have been duly filed with the Secretary of State of the State of Nevada.

ARTICLE V

CONVERSION

5.01. Conversion of Shares. At the Effective Time, by virtue of the Merger and without any action on the part of Red Robin, RRGB, RRMS or the holder of any securities of Red Robin, RRGB or RRMS:

(a) Conversion of Red Robin Common Stock. Each share of Red Robin Common Stock issued and outstanding immediately prior to the Effective Time shall be converted into and thereafter represent one duly issued, fully paid and nonassessable share of RRGB Common Stock.

(b) Conversion of Common Stock of RRMS. Each share of the common stock of RRMS issued and outstanding immediately prior to the Effective Time shall be converted into and thereafter represent one duly issued, fully paid and nonassessable share of common stock, par value $0.001 per share, of the Surviving Corporation.

(c) Cancellation of Common Stock of RRGB. Each share of RRGB Common Stock that is owned by Red Robin immediately prior to the Merger shall automatically be cancelled and retired and shall cease to exist.

(d) Rights of Certificate Holders. From and after the Effective Time, holders of certificates formerly evidencing Red Robin Common Stock shall cease to have any rights as stockholders of Red Robin, except as provided by law; except, however, that such holders shall have the rights set forth in Section 5.02 herein.

5.02. No Surrender of Certificates. Until thereafter surrendered for transfer or exchange, each outstanding stock certificate that, immediately prior to the Effective Time, evidenced Red Robin Common Stock shall be deemed and treated for all corporate purposes to evidence the ownership of the number of shares of RRGB Common Stock into which such shares of Red Robin Common Stock were converted pursuant to the provisions of Section 5.01(a) herein.

5.03. Assumption of Stock Option Plans. As a condition to the Merger, Red Robin and RRGB shall, as of the Effective Time, execute, acknowledge and deliver an assignment and assumption agreement pursuant to which RRGB will, from and after the Effective Time, assume and agree to perform all obligations of Red Robin pursuant to Red Robin's (i) 1990 Incentive Stock Option and Nonqualified Stock Option Plan, (ii) 1996 Stock Option Plan, and (iii) 2000 Management Performance Common Stock Option Plan (collectively, the "Stock Option Plans"). As of the Effective Time, all options to purchase shares of Red Robin Common Stock which have been granted and are then outstanding and unexercised under the Stock Option Plans ("Existing Stock Option") shall be converted into options to purchase an equivalent number of shares of RRGB Common Stock at the same exercise price, for the same period and subject to substantially the same terms and conditions including any stockholder approval which may be required with respect to the Stock Option Plans applicable to the relevant Existing Stock Option ("Substitute Option"); provided, however, that after the Effective Time no exercise shall occur unless and until the holder of the Existing Stock Option shall have executed and delivered to RRGB an instrument in such form as RRGB may prescribe to evidence his or her acceptance of the terms and conditions of the Substitute Option.

5.04. Reservation of Shares. On or prior to the Effective Time, RRGB shall reserve sufficient authorized but unissued shares of RRGB Common Stock to provide for the issuance of RRGB Common Stock upon the exercise of options payable and outstanding under the Stock Option Plans, as assumed by RRGB.

ARTICLE VI

CONDITIONS TO THE MERGER

The obligations of the parties hereto to consummate the transactions contemplated

by this Agreement shall be subject to the satisfaction, on or prior to the Effective Time, of each of the following conditions:

6.01. Assumption of Stock Option Plans. Pursuant to Section 5.03 above, Red Robin and RRGB shall, as of the Effective Time, execute, acknowledge and deliver an assignment and assumption agreement pursuant to which RRGB will, from and after the Effective Time, assume and agree to perform all obligations of Red Robin pursuant to the Stock Option Plans.

6.02. Consents and Approvals. All registrations, filings, applications, notices, consents, orders or approvals ("Approvals") necessary to effect the transactions contemplated hereby shall have been filed, made or obtained, including, but not limited to, any Approvals required by applicable state liquor license boards.

6.03 Stockholder Approval. A majority of the stockholders of each of Red Robin, RRMS and RRGB shall have voted to approve this Agreement and the Merger.

ARTICLE VII

MISCELLANEOUS

7.01. Termination. Notwithstanding the approval of this Agreement by the stockholders of RRGB, RRMS and Red Robin, this Agreement may be terminated at any time prior to the Effective Time by mutual written consent of the Boards of Directors of RRMS, RRGB and Red Robin.

7.02. Waiver; Amendment. Any of the terms or conditions of this Agreement may be waived at any time by whichever of the parties is, or the stockholders of which are, entitled to the benefit thereof by a writing executed on behalf of such party; and this Agreement may be amended, modified or supplemented in any manner at any time by an agreement in writing executed on behalf of each of the parties hereto; provided, however, that no such waiver, amendment, modification or supplement shall be made which shall change any of the principal terms of this Agreement without the further approval of the stockholders of RRGB, RRMS and Red Robin.

7.03. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by a duly authorized officer as of the date first above written.

RED ROBIN INTERNATIONAL, INC.,
a Nevada corporation

By: /s/ Michael J. Snyder
Michael J. Snyder
President

RED ROBIN MERGER SUB, INC.,
a Delaware corporation

By: /s/ Michael J. Snyder
Michael J. Snyder
President

RED ROBIN GOURMET BURGERS, INC.,

a Delaware corporation

By: /s/ Michael J. Snyder

Michael J. Snyder
President

Exhibit 2.5

STOCK PURCHASE AGREEMENT

Dated as of December 19, 2001

by and among

WESTERN FRANCHISE DEVELOPMENT, INC., a California corporation,
DENNIS E. GARCELON and E. MARLENA GARCELON,
Trustees of the Garcelon Trust dated January 6, 1992,
and SAMUEL WINSTON GARCELON as Sellers,

and

RED ROBIN INTERNATIONAL, INC.,
A Nevada corporation, as Buyer

STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT (the "Agreement"), dated as of December 19, 2001, is entered into by and among RED ROBIN INTERNATIONAL, INC., a Nevada corporation ("Buyer") on the one hand, and WESTERN FRANCHISE DEVELOPMENT, INC, a California corporation (the "Corporation") and DENNIS E. GARCELON and E. MARLENA GARCELON, Trustees of the Garcelon Trust dated January 6, 1992, and SAMUEL WINSTON GARCELON (the "Shareholders"), on the other hand, with reference to the following facts. The Buyer, the Corporation and the Shareholders are sometimes referred to collectively herein as the "parties." The Corporation and the Shareholders are sometimes referred to collectively herein as "Selling Parties."

A. The Corporation is engaged in the operation of a restaurant business pursuant to a franchise agreement, area development agreements, license/franchise agreements, and the Phoenix agreements with its franchisor, Red Robin International.

B. As of the closing of the transactions contemplated herein, the Shareholders will own all of the issued and outstanding capital stock of the Corporation (the "Corporation's Stock").

C. Buyer wishes to acquire from the Shareholders all of the Corporation's Stock;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements, representations, warranties, provisions and covenants herein contained, the parties hereto agree as follows:

1. PURCHASE OF THE CORPORATION'S STOCK

1.1 Shares To Be Purchased. At the Closing (as defined in Section 2), the Shareholders shall sell and deliver to Buyer all of the issued and outstanding shares of the Corporation's Stock, being the number of shares of stock of the Corporation set forth on Schedule A opposite each Shareholder's name. At the Closing, Buyer shall purchase the Corporation's Stock and in exchange therefor shall deliver to the Shareholders at the Closing the purchase price described in Section 1.2 (the "Purchase Price").

1.2 Purchase Price. The Purchase Price shall be the sum of Six Million Five Hundred Thousand Dollars ($6,500,000), less an amount equal to the liability represented by the gross amount owing under the Corporation's lease for its central office located at 6400 Village Parkway, Dublin, California, and any equipment leases for equipment located at 6400 Village Parkway, Dublin, California, and subject to further adjustment as set forth herein. If the adjusted Total Equity of the Corporation at the Closing deviates from Two Million One Hundred Forty-Five Thousand Dollars ($2,145,000) by more than Ten Thousand Dollars ($10,000), the Purchase Price shall be adjusted, by increasing or decreasing the Purchase Price on a dollar-for-dollar basis to the extent the adjusted Total Equity exceeds $10,000 in excess of, or less than, an adjusted Total Equity of $2,145,000. For the purpose of determining adjusted Total Equity at the Closing, adjustments to the Corporation's balance sheet shall be made consistent with Exhibit B attached hereto, subtracting from current assets excess cash as determined by Corporation and those Fixed Assets identified as

Corporate Furniture & Equipment (including a corporate automobile) and also subtracting Short-Term Portion Liabilities and Long-Term Portion Liabilities.

The Corporation's accountants, Blanding, Boyer & Rockwell (the "Accountants"), shall deliver to Buyer a calculation of the Total Equity of the Corporation as of the Closing within 30 days following the Closing. The Total Equity calculation prepared by the Accountants shall be conclusive and binding on the parties for purposes of calculating any adjustment to the Purchase Price unless Buyer notifies the Shareholders in writing (a "Dispute Notice"), within 10 days of Buyer's receipt of the Total Equity calculation, of any disagreements therewith (stating with reasonable specificity the basis for any such disagreement). During such 10-day period, the Accountants shall give Buyer and its accountants or other representatives access to all work papers related to the preparation of the Total Equity calculation. Buyer and the Shareholders shall negotiate in good faith to resolve any disagreements concerning the Total Equity calculation as promptly as practicable. If any disagreement concerning the Total Equity calculation is not resolved by Buyer and the Shareholders within 10 days following the Shareholders' receipt of the Dispute Notice, Buyer and the Shareholders shall promptly engage, on standard terms and conditions for a matter of such nature, a nationally recognized firm of independent accountants to resolve the disputed amounts. The engagement agreement with the independent accountants shall require the independent accountants to make their determination with respect to the items in dispute within 10 days following their appointment. Buyer and the Shareholders (as a group) shall share the costs of the fees and expenses of such independent accountants equally. The resolution by the independent accountants of any dispute concerning the Total Equity calculation shall be final, binding and conclusive upon the parties for purposes of any adjustment of the Purchase Price under this Section 1.2.

It is anticipated that Buyer shall elect to treat this purchase as an asset purchase under the provisions of Internal Revenue Code Section 338. If such election is made by Buyer, Buyer and Shareholders shall agree upon a fair allocation of the Purchase Price with respect to the assets of the Corporation. Shareholders and Buyer shall cooperate in executing any and all necessary documents in connection with the Section 338 election.

1.3 Special Adjustment for Sun Valley Lease. It has been disclosed to Buyer that Corporation has entered into a new lease for its Sun Valley location which requires that the Corporation construct certain improvements at its Sun Valley restaurant location. The total amount of the cost and financing for such improvements is estimated to be between $400,000 and $450,000. To the extent that any such financing and improvement costs are incurred prior to the Closing, any such costs shall be amortized over the term of the Sun Valley Lease and shall not be expensed against the Company's adjusted Total Equity for the purposes of determining the adjusted Total Equity as described in paragraph 1.2 above.

1.4 Excess Cash and Corporate Assets, Short-Term and Long-Term Portion Liabilities. As set forth in Section 1.2, Corporation shall have the right to distribute to its Shareholders such amounts as Corporation deems to be "excess cash" prior to the Closing. There shall be paid from the Purchase Price deposited by Buyer at the Closing all Short-Term Portion Liabilities and all Long-Term Liabilities as set forth on Schedule B, and in particular as identified on Schedule 5 and Schedule 6 of Schedule B. Corporation shall also have the right to distribute to Shareholders a corporate motor vehicle identified as a 1995 Infiniti Q45.

2. CLOSING

The closing of the transactions contemplated herein (the "Closing") shall take place on January 14, 2002 (the "Closing Date"), following the satisfaction or waiver of all conditions to the obligations of the parties to consummate the transactions contemplated hereby (other than conditions with respect to actions the respective Parties will take at the Closing itself). The Closing shall take place at the offices of Gagen, McCoy, McMahon & Armstrong, 279 Front Street, Danville, California. For accounting and tax reporting purposes, the Closing shall be deemed effective as of 12:01 a.m. on January 14, 2002 (the "Effective Date").

At the Closing, the respective parties shall make the following deliveries:

2.1 Shareholders' Deliveries. The Shareholders shall deliver to Buyer the certificates representing all outstanding shares of the Corporation's Stock, free and clear of all liens, security interests, claims and encumbrances, accompanied by stock powers duly executed in blank, as well as the various certificates, instruments, and documents referred to in Section 5.1.

2.2 Buyer's Deliveries. Buyer shall tender delivery of the Purchase Price in the form of a cashier's check, cash, or other instrument acceptable to

Shareholders.

3. REPRESENTATIONS AND WARRANTIES OF THE CORPORATION AND THE SHAREHOLDERS.

Each of the Corporation and the Shareholders represents and warrants to Buyer that the statements contained in this Section 3 are correct and complete as of the date of execution of this Agreement (the "Signing Date") and will be correct and complete as of the Closing Date as though made then and as though the Closing Date were substituted for the Signing Date throughout this Section 3.1 with respect to itself, himself or herself, except as set forth in the disclosure schedules delivered by the Corporation and the Shareholders to the Buyer (each a "Schedule," collectively the "Schedules").

3.1 Organization, Standing and Qualification. The Corporation is duly organized and formed, validly existing and in good standing under the laws of the State of California. The Corporation has full corporate power and authority to own and lease its properties and to carry on its business as now conducted, to execute and deliver this Agreement.

3.2 Capitalization. Schedule A sets forth, as of the Closing Date, the authorized and outstanding capital stock of the Corporation, the name, addresses and social security numbers or taxpayer identification numbers of the record and beneficial owners thereof, and the number of shares so owned, the certificate number for each share certificate. As of the Closing, all of the issued and outstanding shares of the capital stock of the Corporation will be owned of record and beneficially by the Shareholders, as set forth on Schedule A. Each share of the capital stock of the Corporation is duly and validly authorized and issued, fully paid and nonassessable, and was not issued in violation of any preemptive rights of any past or present shareholder of the Corporation, or in violation of any federal or state securities law. No option, warrant, call, conversion right or commitment of any kind (including any of the foregoing created in connection with any indebtedness of the Corporation) exists which obligates the Corporation to issue any of its authorized but unissued capital stock or other equity interest.

3.3 All Stock Being Acquired. The Corporation's Stock being acquired by Buyer hereunder constitutes all of the outstanding capital stock of the Corporation. As of the Closing, the Shareholders will have title to and ownership of all of the shares of the capital stock of the Corporation. Upon consummation of the transactions contemplated by this Agreement, Buyer will acquire the issued and outstanding Corporation's Stock and thereby acquire indirectly all of the assets of the Corporation and all liabilities of the Corporation, except as otherwise specifically set forth herein. No other person holds any right or interest in any of the assets of the Corporation.

3.4 Authority for Agreement. The Corporation and each of the Shareholders have full right, power and authority to enter into this Agreement and the other agreements contemplated under this Agreement to which each such person is a party, and to perform its, his or her obligations hereunder and thereunder. The execution, delivery and performance of this Agreement by the Corporation have been duly and validly authorized by its Board of Directors and the Shareholders. This Agreement has been duly and validly executed and delivered by the Corporation and the Shareholders and, subject to the due authorization, execution and delivery by Buyer, constitutes the legal, valid and binding obligation of the Corporation and the Shareholders enforceable against the Corporation and the Shareholders in accordance with its terms.

3.5 Noncontravention. To the Knowledge of the Corporation and the Shareholders, neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (A) result in the material breach of any of the terms or conditions of, or constitute a default under, or allow for the acceleration or termination of, or in any manner release any party from any obligation under, require any consent under, or result in any lien, claim, or encumbrance on the Corporation's assets under any mortgage, lease, note, bond, indenture, or contract, agreement, license or other instrument or obligation of any kind or nature to which the Corporation is a party, or by which the Corporation, or any of its assets, is or may be bound or affected, except as to the required lessor consents for the assignment of any lease currently held by the Corporation; or (B) violate any law or any order, writ, injunction or decree of any court, administrative agency or governmental authority, known to the Corporation, or require the approval, consent or permission of any governmental or regulatory authority.

3.6 Financial Statements. Schedule B sets forth the Corporation's balance sheet, supporting schedules, and Adjusted Balance Sheet adjusted as agreed upon

by the parties, as of June 17, 2001 (the "Financial Statements"). Except for the adjustments identified on the Adjusted Balance Sheet, the Financial Statements (A) have been prepared in accordance with Generally Accepted Accounting Principles ("GAAP") consistently applied on a basis consistent throughout the periods indicated and consistent with each other, and (B) present fairly the financial condition of the Corporation as of the dates specified and the results of operations for the periods specified.

3.7 Liabilities. To the Knowledge of the Corporation and the Shareholders, Schedule C sets forth all claims, suits and proceedings which are pending against the Corporation, and, to the Knowledge of the Corporation and the Shareholders, all material claims, suits and proceedings threatened or anticipated against the Corporation.

3.8 Inventories; Personal Property. To the Knowledge of the Corporation and the Shareholders, Schedule D sets forth a depreciation schedule of the personal property and fixed assets of the restaurants of the Corporation as of August 8, 2001.

3.9 Permits and Licenses. To the Knowledge of the Corporation and the Shareholders, Schedule E lists, as of August 8, 2001, material permits, licenses, titles, zoning and land use approvals and authorizations, including, without limitation, any conditional or special use approvals or zoning variances, occupancy permits, and any other similar documents constituting a material authorization or entitlement or otherwise material to the operation of the business of the Corporation (collectively the "Governmental Permits") owned by, issued to, held by or otherwise benefitting the Corporation as of the Closing Date, including but not limited to any governmental permits required by the California Department of Alcoholic Beverage Control, or any other governmental authority.

3.10 Personnel. Schedule F lists, as of August 8, 2001, all multi-unit and single unit management employees of the Corporation and their respective rates of compensation. The Corporation has not entered into any written employment contracts with any employees.

3.11 Title to Tangible Assets. The Corporation has good title to, or a valid leasehold interest in, the material tangible assets it uses regularly in the conduct of its business.

3.12 Corporate Records. The corporate minute books, stock ledgers, books, ledgers, financial records and other records of the Corporation have been made available to Buyer and its agents at the offices of the Corporation's accountants. The minute books of the Corporation contain accurate and complete records of the meetings held, and material corporate action taken by, the shareholders and the board of directors of the Corporation.

3.13 Current Operational Restaurants. Schedule G sets forth the restaurants currently operated by Corporation. Corporation has recently closed a restaurant in San Leandro and there are no, or immaterial, assets remaining from the operation of such San Leandro restaurant.

3.14 Brokers; Finders. To the Knowledge of the Corporation and the Shareholders, except as set forth on Schedule H, no person has acted directly or indirectly as a broker, finder or financial advisor for the Corporation or the Shareholders in connection with the transactions contemplated by this Agreement, and no person is entitled to any broker's, finder's, financial advisory or similar fee or payment in respect thereof based in any way on any agreement, arrangement or understanding made by or on behalf of the Corporation or the Shareholders.

3.15 Environmental Matters. To the Knowledge of the Corporation and the Shareholders, no Hazardous Materials (which shall mean any material or substance that is prohibited or regulated by any state or federal statute as being toxic, hazardous, or otherwise producing a danger to health, reproduction or the environment) are present at any property leased by the Corporation, except to the extent that such Hazardous Materials have been used in all material respects in compliance with applicable law. Neither the Corporation nor the Shareholders are aware of any fact or circumstance which would result in any environmental liability which could reasonably be expected to result in a material adverse

affect on the business or financial status of the Corporation.

3.16 Tax Returns and Audits. The Corporation has prepared and timely filed all required federal, state and local tax returns relating to any and all taxes concerning or attributable to the Corporation or its operations, and such tax returns have been completed in accordance with applicable law. The Corporation has paid all taxes that it is required to pay and has withheld with respect to its employees all federal and state income taxes, FICA, FUTA, and other taxes required

to be withheld. No audit or other examination of any tax return of the Corporation is presently in progress, nor has the Corporation been notified of any requests for such an audit or other examination.

3.17 Retirement Plan Compliance. To the Knowledge of the Corporation and the Shareholders, the Corporation has performed in all material respects all obligations required by it to be performed, and is not in default or in violation of, and neither has any knowledge of any default or violation by any other party, of any retirement plan provided for the employees of the Corporation, and any and all such retirement plans have been established and maintained in all material respects in accordance with the terms and conditions of such plan and in compliance with all applicable laws, statutes, order, rules and regulations, including but not limited to the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

3.18 Disclaimer of Other Representations and Warranties. Except as expressly set forth in Section 3, the Corporation and the Shareholders make no representation or warranty, express or implied, at law or in equity, in respect of the Corporation or the Shareholders respective assets, liabilities or operations, including, without limitation, with respect to merchantability or fitness for any particular purpose, and any such other representations or warranties are hereby expressly disclaimed. Buyer hereby acknowledges and agrees that, except to the extent specifically set forth in Section 3, Buyer is purchasing the Corporation's Stock and is taking title to the Corporation's assets and responsibility for its liabilities on an "as-is, where-is" basis.

4. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to the Corporation and the Shareholders that each of the following representations and warranties is true as of the Signing Date and will be true as of the Closing Date, and agrees that such representations and warranties shall survive the Closing:

4.1 Experience of Buyer. Buyer has previously operated a franchised restaurant business and is familiar with restaurant operations.

4.2 No Breach of Default. The execution and delivery by Buyer of this Agreement, and the consummation by Buyer of the transactions contemplated hereby, do not:

(a) result in the material breach of any of the terms or conditions of, or constitute a default under, or allow for the acceleration or termination of, or in any manner release any party from any obligation under, require any consent under, or result in any lien, claim, or encumbrance on Buyer's assets under any mortgage, lease, note, bond, indenture, or contract, agreement, license or other instrument or obligation of any kind or nature to which Buyer is a party, or by which Buyer, or any of his assets, is or may be bound or affected; or

(b) violate any law or any order, writ, injunction or decree of any court, administrative agency or governmental authority, known to Buyer, or require the approval, consent or permission of any governmental or regulatory authority.

4.3 Execution and Delivery of Agreement. This Agreement has been validly executed and delivered by Buyer and, subject to the due authorization, execution and delivery by the Corporation and the Shareholders, constitutes the legal, valid and binding obligation of Buyer

enforceable against Buyer in accordance with its terms. Buyer has full power, legal right and authority to enter into and perform his obligations under this Agreement and to carry on his business as presently conducted. No consent of, approval by, filing with, or notice to any governmental authority or any other

person or entity is required for Buyer to execute, deliver, and perform this Agreement. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and the fulfillment of and compliance with the terms and conditions hereof do not and will not, after the giving of notice, or the lapse of time or otherwise: (a) violate any provisions of any judicial or administrative order, award, judgment or decree applicable to Buyer; or (b) conflict with, result in a breach of or constitute a default under any material agreement or instrument to which Buyer is a party or by which he is bound.

4.4 Brokers; Finders. No person has acted directly or indirectly as a broker, finder, consultant or financial advisor for Buyer in connection with the transactions contemplated by this Agreement, and no person is entitled to any broker's, finder's, financial advisory or similar fee or payment in respect thereof based in any way on any agreement, arrangement or understanding made by or on behalf of Buyer.

5. CONDITIONS TO OBLIGATION TO CLOSE

5.1 Conditions to Obligation of Buyer. The obligation of Buyer to consummate the transactions to be performed by him in connection with the Closing is subject to satisfaction of the following conditions, provided, however, that Buyer may waive any condition specified in this Section 5.1 if Buyer executes a writing so stating at or prior to the Closing:

(a) The representations and warranties set forth in Section 3 shall be true and correct in all material respects at and as of the Closing Date;

(b) The Selling Parties shall have performed and complied with all of their covenants hereunder in all material respects through the Closing;

(c) There shall not be any injunction, judgment, order, decree, ruling, or charge in effect preventing consummation of any of the transactions contemplated by this Agreement;

(d) All actions to be taken by the Selling Parties in connection with consummation of the transactions contemplated by this Agreement and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby will be reasonably satisfactory in form and substance to Buyer;

(e) The Shareholders shall have caused each officer and director of the Corporation to deliver a resignation as an officer and/or director of the Corporation.

(f) The Shareholders shall have delivered to Buyer a Certificate of Non-Foreign Status setting forth the home address, social security number and a statement as to residency status of the Shareholders, dated the Closing Date and duly executed by each Shareholder under penalty of perjury.

(g) Buyer shall have completed its Due Diligence investigation of the Corporation and the Shareholders, to Buyer's satisfaction in Buyer's sole discretion, by no later than thirty (30) days after the execution of this Agreement or the day before the Closing Date, whichever shall come first (the Due Diligence period).

(h) The Corporation's lessors shall have provided their consent to an assignment of the Corporation's leases to Buyer.

5.2 Conditions to Obligation of the Selling Parties. The obligation of the Selling Parties to consummate the transactions to be performed by them in connection with the Closing is subject to satisfaction of the following conditions, provided, however, that the requisite Selling Party may waive any condition specified in this Section 5.2 if it executes a writing so stating at or prior to the Closing:

(a) The representations and warranties set forth in Section 4 above shall be true and correct in all material respects at and as of the Closing Date;

(b) Buyer shall have performed and complied with all of his covenants hereunder in all material respects through the Closing;

(c) There shall not be any injunction, judgment, order, decree, ruling, or charge in effect preventing consummation of any of the transactions contemplated by this Agreement;

(d) All actions to be taken by Buyer in connection with consummation of the transactions contemplated hereby and all certificates, opinions,

instruments and other documents required to effect the transactions contemplated hereby will be reasonably satisfactory in form and substance to the requisite Selling Parties;

(e) Buyer shall have tendered for delivery to the Shareholders the Purchase Price in accordance with Section 1.2.

(f) The Corporation's franchisor shall have approved the terms and conditions of this Agreement and have approved the transfer of the franchise rights from the Corporation to Buyer.

(g) The Corporation's lessors shall have provided consents to the assignment of all the Corporation's leases to the Buyer.

5.3 Conduct of Due Diligence. Buyer shall be entitled to conduct an inspection of the books, records, contracts, documents and assets of the Corporation ("Due Diligence") during normal business hours of the Corporation, and scheduled at mutually agreeable times and locations. All such Due Diligence activity shall be conducted pursuant to the provisions of a Confidentiality Agreement previously executed by Buyer, dated October 31, 2001.

Notwithstanding the foregoing, Buyer shall make no contact with Corporation's lessors without the prior written consent of Corporation. Corporation will initiate

contact with Corporation's lessors upon Buyer's indication of approval of Corporation's financial information, and real estate leases.

6. ADDITIONAL COVENANTS OF BUYER, THE CORPORATION AND THE SHAREHOLDERS

6.1 Further Assurances and Additional Conveyances. In case at any time after the Closing any further action is necessary to carry out the purposes of this Agreement, each of the parties will take such further action (including the execution and delivery of such further instruments and documents) as any other party reasonably may request, all at the sole cost and expense of the requesting party (unless the requesting party is entitled to indemnification therefor under Section 7 below).

6.2 Confidentiality of Transaction. Except with respect to disclosures made by a party to its attorneys, accountants, and other professional service providers employed to assist such party with the transactions contemplated by this Agreement, and the employees of Corporation, its lessors, and state and federal regulatory and licensing authorities, the terms contained in this Agreement, and the existence of the negotiations between Selling Parties and Buyer, are confidential and shall not be discussed with or disclosed to third parties, or announced publicly by either party until after the Closing or the termination of this Agreement pursuant to the provisions of Section 9, except by mutual agreement of the parties. Each party agrees not to disclose any confidential or proprietary information received from the other party or discovered as a result of the negotiations and due diligence investigations associated with the transactions contemplated by this Agreement at any time without the prior written approval of the other party.

6.3 Brokers and Finders Fees. Each party shall pay and be responsible for any broker's, finder's or financial advisory fees incurred by it in connection with the transactions contemplated by this Agreement.

7. INDEMNIFICATION AND OFFSET PROCEDURES

7.1 Potential Claims. Buyer has a potential claim (a "Potential Claim") against Shareholders if, by no later than one (1) year after the Closing, (i) Buyer provides Shareholders with written notice (in the manner specified in Section 7.3 (a) below) that Buyer contends that there has been a specific material breach of any representation or warranty of the Corporation or a Shareholder set forth in this Agreement and (ii) Buyer has incurred, or will be required to incur, costs and expenses (excluding attorney's fees) as a result of the alleged material breach or alleged material undisclosed liabilities. Buyer shall promptly notify the Shareholders of the existence of any Potential Claim or any other matters to which Buyer intends to claim that any indemnification or offset obligations would apply and will give the Shareholders a reasonable opportunity to defend the same at the Shareholders' own expense and with counsel of the Shareholders' own selection. If the Shareholders, within a reasonable time after said notice, fail to defend, Buyer will have the right, but not the obligation, to undertake the defense of and to compromise or settle (exercising

reasonable business judgment) the claim or other matter on behalf of the Shareholders. If the claim is one that cannot by its nature be defended solely by the Shareholders (including any federal or state tax proceeding), Buyer will make available, and cause the Corporation to make available, all information and assistance that the Shareholders may reasonably request.

7.2 Valid Claims. Buyer has a valid claim (a "Valid Claim") if (i) Buyer has complied with the notice procedures set forth herein, and (ii) either the parties have agreed that the Potential Claim states a valid claim for indemnification pursuant to Section 7.3(b) below, or, in the absence of an agreement by the parties, by arbitration proceedings as provided in Section 7.3(b) below, has determined that the Potential Claim states a valid claim for indemnification pursuant to this Section 7.

7.3 Claim Procedures.

(a) As soon as Buyer becomes aware of any Potential Claim, Buyer shall, by no later than thirty (30) days after Buyer first becomes aware of said Potential Claim, provide the Shareholders with written notice of said Potential Claim. As part of its written notice to the Shareholders, Buyer shall supply the Shareholders with reasonable backup documentation supporting its Potential Claim. A Potential Claim shall be deemed invalid if written notice thereof is not received by Shareholders (i) within thirty (30) days after Buyer first became aware of said Potential Claim and (ii) by no later than one (1) year after the Closing, even if said one (1) -year date is less than ten (10) days after Buyer first became aware of said Potential Claim.

(b) Within thirty (30) days after Buyer provides written notice of a Potential Claim to the Shareholders, Shareholders and Buyer will attempt to reach agreement on whether the Potential Claim is a Valid Claim and, if they are in agreement that the Potential Claim is a Valid Claim, the amount attributable to the Valid Claim. If the Shareholders and Buyer are unable to reach agreement within said thirty (30) -day period, then any controversy or claim arising out of or relating to the Potential Claim shall be settled and resolved by binding arbitration in accordance with this provision, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Any one party to this Agreement may initiate arbitration by delivering written notice thereof to the other party. Such written notice shall state the intent of the party to have the controversy represented by the Potential Claim resolved by arbitration, shall specify the Potential Claim, and shall designate an arbitrator who shall not have an economic, social or other relationship to the party requesting arbitration ("independent" arbitrator). Delivery may be effected by depositing a notice of such intention addressed to each party, sent by registered mail, return receipt requested, sealed and postage prepaid in the United States Mail, by facsimile transmission, or by personal delivery. Arbitration shall be by the arbitrator so designated unless the other party to whom notice has been delivered requests arbitration by three independent arbitrators within ten (10) days after receipt of the notice of arbitration and designation of arbitrator. If such a request is made, the party making it shall designate a second independent arbitrator and the two arbitrators so designated shall select a third independent arbitrator. The arbitration shall be conducted by the arbitrator(s) pursuant to the provisions of the California Code of Civil Procedure relating to civil arbitrations and the Rules of Court for the California Superior Court, as may be amended and existing from time to time. A decision of any two arbitrators shall be sufficient to constitute an enforceable award under the provisions of this section. The costs incurred in the arbitration, including the fees paid to the arbitrator(s) shall be shared equally by the parties. The arbitrator(s) shall be entitled to retain legal counsel in connection with the arbitration of the dispute submitted to arbitration at the joint expense of the parties during the arbitration proceeding.

If any party to this Agreement refuses to cooperate voluntarily and without court order in the arbitration process described herein, then, provided that notice of the time and place of the arbitration hearing is given to such party, the arbitration shall proceed in the absence of

such party. Any award made by arbitration shall be final and binding on each party to this Agreement, and at the election of any party to the arbitration, a judgment on the arbitration award may be entered in any court having jurisdiction thereof. The arbitrator(s) shall be empowered to award costs and reasonable attorney's fees in connection with any matter submitted to the arbitrator(s) for determination.

7.4 No Other Indemnification or Offset. Other than as set forth in this

Section 7, there shall be no other indemnification requirement imposed on the Shareholders by this Agreement, or sought from the Shareholders by Buyer under any other legal theory.

7.5 Limited Survival of Representations, Warranties, Covenants, and Agreement. The representations and warranties of the Selling Parties contained in Section 3 and the covenants and agreements of the Selling Parties contained in this Agreement and in any certificate, exhibit or schedule delivered pursuant hereto, or in any other writing delivered pursuant to the provisions of this Agreement shall survive the Closing (unless Buyer knew or had reason to know of any misrepresentation or breach of warranty at the time of Closing) for a period of one year thereafter. The indemnification and offset provisions of Section 7 shall be Buyer's sole remedy in regard to any claims related to said representations, warranties, covenants and agreements of the Selling Parties.

8. OPERATIONS FROM SIGNING TO CLOSING

8.1 Operations. Between the Signing Date and the Closing Date, except as necessary to carry out the transactions contemplated by this Agreement, neither the Corporation nor the Shareholders shall enter into any material contract, agreement, commitment, arrangement or understanding, written or oral, relating to or affecting the Corporation's Stock, assets or real property without Buyer's prior written consent, other than transactions undertaken in the normal course of business. Corporation shall however prior to the Closing have the right to distribute excess cash, as determined by Corporation, to the Shareholders, and to distribute a 1995 Infiniti Q45 to the Shareholders. The Corporation agrees to carry on the Corporation's business in the usual, regular and ordinary course in substantially the same manner as heretofore conducted, to pay the debts and taxes of the Corporation when due, to pay or perform other obligations when due, and to the extent consistent with such business, use commercially reasonable efforts consistent with past practice and policies to preserve intact the Corporation's present business organization, keep available the services of the Corporation's present officers and key employees, and preserve the Corporation's relationships with its customers, suppliers, distributors, licensors, licensees, and others having business dealings with it, all with the goal of preserving unimpaired the Corporation's ongoing business.

8.2 Obtain Consents. Promptly after the Signing Date, Buyer (at Buyer's sole cost and expense) will, and the Corporation and each of the Shareholders shall cooperate with Buyer to, make all filings and take all steps reasonably necessary to obtain all other approvals and consents required to be obtained in order to complete the transactions contemplated by this Agreement, including, but not limited to, any and all filings and steps reasonably necessary in regard to alcoholic beverage licenses and permits and the transfer of the Corporation's Stock.

8.3 Title Insurance. Buyer shall have the right to obtain, at Buyer's cost, any title insurance Buyer desires with respect to any leasehold interest of the Corporation, including its ground lease for the Pleasanton restaurant.

8.4 Environmental Matters. Corporation shall provide to Buyer for inspection as part of Buyer's Due Diligence Period review any and all environmental reports obtained by Corporation with respect to any of the properties which the Corporation currently leases. Buyer shall have the further right to conduct, at Buyer's expense, any and all additional environmental reviews which Buyer may desire.

8.5 Shareholder Guarantees. During the period between the Signing Date and the Closing, Buyer, Corporation, and Shareholders shall use their joint best efforts to obtain a release of any and all guarantees of corporate obligations which have been provided by Shareholders to any lessor and to any creditor of Corporation.

9. TERMINATION OF AGREEMENT

9.1 Termination. This Agreement may be terminated at any time prior to the Closing Date:

(a) With the mutual consent of Buyer and the Shareholders;

(b) By the Shareholders, if by the Closing Date any of the conditions

provided in Section 5.2 shall not have been satisfied, complied with or performed and the Shareholders shall not have waived such failure of satisfaction, noncompliance or performance;

(c) By Buyer, if by the Closing Date any of the conditions provided in Section 5.1 shall not have been satisfied, complied with or performed and Buyer shall not have waived such failure of satisfaction, noncompliance or nonperformance.

(d) By either of the Shareholders or Buyer, if the Closing does not occur by 11:59 p.m. (Pacific Time) on January 27, 2002, unless such failure is due to a delay or default on the part of the party seeking to terminate the Agreement.

(e) By either party upon a material breach of a representation or warranty, or a failure to perform in any material respect any covenant of such party in this Agreement, unless such breach or default has been cured in all material respects within ten (10) days after written notice of such breach or default specifying such breach or default in reasonable detail is given to the party who committed such breach or default.

(f) In the event of any termination pursuant to this Section 9.1 (other than pursuant to Section 9.1(a)), written notice setting forth the reasons for termination shall be given by the terminating party to the other.

(g) If this Agreement shall be terminated as herein set forth, Buyer, the Corporation and the Shareholders agree that they will remain obligated under and comply with the provisions of this Agreement regarding confidential and proprietary information set forth in Section 6.2.

9.2 Effect of Termination. On termination of this Agreement, the transactions contemplated herein shall forthwith be abandoned and all continuing obligations and liabilities of the parties under or in connection with this Agreement shall be terminated and of no further force or effect; provided, however, that nothing herein shall relieve any party from liability for any willful misrepresentation, material breach of warranty, or material breach of covenant contained in this Agreement prior to such termination, and further provided that all obligations of the parties as referenced in that Confidentiality Agreement executed by Buyer, dated October 31, 2001, and as further expressed in Section 6.2 of this Agreement shall continue in effect.

9.3 Effect of Default on Leases. With respect to any and all leases of Corporation which have been guaranteed by Shareholders, and as to which such guarantee is not removed prior to any event of default or failure to cure under such leases, the Shareholders shall have a right to cure any such lease default and to become, consistent with the terms of such lease, the lessee thereunder.

10. GENERAL

10.1 Assignment. No party to this Agreement shall assign its rights or obligations hereunder without the approval of all other parties to this Agreement, which approval may be given or withheld in the sole and exclusive discretion of any party whose consent is required. In the event of any approved assignment, this Agreement shall be binding on and inure to the benefit of any such approved assignee. This Agreement shall be binding and inure to the benefit of the parties hereto and their successors, heirs, and legal representatives.

10.2 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

10.3 Notices. All notices, requests, demands and other communications hereunder shall be deemed to have been duly given if in writing and either delivered personally, sent by facsimile transmission or by air courier service, or mailed by postage prepaid registered or certified U.S. mail, return receipt requested, to the addresses designated below or such other addresses as may be designated in writing by notice given hereunder, and shall be effective upon personal delivery or facsimile transmission thereof or upon delivery by registered or certified U.S. mail or one (1) business day following deposit with an air courier service:

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If to the Shareholders:	At the addresses set forth on Schedule A.
With a copy to:	Gregory L. McCoy, Esq. Gagen, McCoy, McMahon & Armstrong 279 Front Street Danville, CA 94526 Phone: (925) 837-0585 Facsimile: (925) 838-5985 e-mail: glmccoy@gmmalaw.com
If to Buyer:	Red Robin International, Inc. 5575 DTC Parkway, Suite 110 Greenwood Village, CO 8011 Attn: John Grant, Esq. Facsimile: (303) 846-6067
With a copy to:	Brandi R. Steege, Esq. O'Melveny & Myers LLP 610 Newport Center Dr., 17th Floor Newport Beach, CA 92660 Facsimile: (949) 823-6994

10.4 Applicable Law/Venue/Exclusive Jurisdiction. The Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to its conflict of laws provisions. Should it be necessary to seek a court's assistance in regard to this Agreement, each of the parties agrees to submit to the exclusive jurisdiction of the state court sitting in Contra Costa County, California in any such proceeding, and agrees that all claims in any such proceeding may be heard and determined in such court. Each party also agrees not to bring any action or proceeding in any other court. Each of the parties consents to venue in such jurisdiction, waives any defense of inconvenient forum to the maintenance of any proceeding so brought and waives any bond, surety or other security that might be required of any other party with respect thereto. Any party may effect service of process on any other party by sending or delivering a copy of the process to the party to be served at the address set forth in Section 10.3 for such party provided that if diligent efforts to serve a party are unsuccessful notwithstanding the serving party's compliance with the foregoing, each party agrees that, in such event, each party shall hereby be deemed to have appointed the California Secretary of State as agent for service of process on such party and agrees that service may be effected by delivering a copy of such service to the Secretary of State.

10.5 Payment of Fees and Expenses. Whether or not the transactions herein contemplated shall be consummated, each party hereto will pay its own fees, expenses and disbursements incurred in connection herewith and all other costs and expenses incurred in the performance and compliance with all conditions to be performed hereunder (including, in the case of the Shareholders, any such fees, expenses and disbursements paid or accrued by, or charged to, the Corporation).

10.6 Incorporation by Reference. All schedules and exhibits attached hereto are incorporated herein by reference as though fully set forth at each point referred to in this Agreement.

10.7 Captions. The captions in this Agreement are for convenience only and shall not be considered a part hereof or affect the construction or interpretation of any provisions of this Agreement.

10.8 Number and Gender of Words. Whenever the singular number is used herein, the same shall include the plural where appropriate, and shall apply to all of such number, and to each of them, jointly and severally, and words of any gender shall include each other gender where appropriate.

10.9 Entire Agreement. This Agreement (including the schedules and exhibits hereto) and the other documents delivered pursuant hereto constitute the entire agreement and understanding between the Selling Parties and Buyer and supersedes any prior agreement and understanding relating to the subject matter of this Agreement among the parties hereto. This Agreement may be modified or amended only by a written instrument executed by the Selling Parties and Buyer acting through its officers, there unto duly authorized by its Board of Directors.

10.10 Waiver. No waiver by any party hereto at any time of any breach of,

or compliance with, any condition or provision of this Agreement to be performed by any other party hereto may be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time.

10.11 Construction. The language in all parts of this Agreement must be in all cases construed simply according to its fair meaning and not strictly for or against any party. The word "Knowledge," as used in this Agreement, shall mean actual knowledge without independent investigation. Unless expressly set forth otherwise, all references herein to a "day" are deemed to be a reference to a calendar day. All references to "business day" mean any day of the year other than a Saturday, Sunday or a public or bank holiday in California. Unless expressly stated otherwise, cross-references herein refer to provisions within this Agreement and are not references to the overall transaction or to any other document.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by persons there unto duly authorized as of the date first above written.

THE CORPORATION:

WESTERN FRANCHISE DEVELOPMENT, INC.,
A California corporation

By: /s/ Dennis Garcelon
Dennis Garcelon,
President

By: /s/ Marlena Garcelon
Marlena Garcelon,
Secretary

THE SHAREHOLDERS:

/s/ Dennis E. Garcelon
Dennis E. Garcelon, Trustee of
The Garcelon Trust dated
January 6, 1992

/s/ E. Marlena Garcelon
E. Marlena Garcelon, Trustee of
The Garcelon Trust dated
January 6, 1992

/s/ Samuel Winston Garcelon
Samuel Winston Garcelon

BUYER:

RED ROBIN INTERNATIONAL, INC.,
A Nevada corporation

By:

Title:

By:

Title:

THE SHAREHOLDERS:

/s/ Dennis E. Garcelon
Dennis E. Garcelon, Trustee of
The Garcelon Trust dated
January 6, 1992

/s/ E. Marlena Garcelon

E. Marlena Garcelon, Trustee of
The Garcelon Trust dated
January 6, 1992

/s/ Samuel Winston Garcelon

Samuel Winston Garcelon

BUYER: RED ROBIN INTERNATIONAL, INC.,
A Nevada corporation

By: /s/ Michael J. Snyder

Title: CEO

By: /s/ James McCloskey

Title: CFO

List of Omitted Exhibits and Schedules

The following exhibits and schedules to the Stock Purchase Agreement have been omitted and shall be furnished supplementally to the Commission upon request:

Schedule A - Shareholders and Capitalization
Schedule B - Financial Statements
Schedule C - Claims, Suits and Proceedings Pending Against the Corporation or Threatened or Anticipated
Schedule D - Depreciation, Schedule of Personal Property and Fixed Assets
Schedule E - Permits and Licenses
Schedule F - Personnel Schedule
Schedule G - Restaurants Currently Operated by Corporation
Schedule H - Brokers/Finders Compensation

Exhibit 10.1

RED ROBIN INTERNATIONAL, INC.

INCENTIVE STOCK OPTION AND
NONQUALIFIED STOCK OPTION PLAN-1990

RED ROBIN INTERNATIONAL, INC.

INCENTIVE STOCK OPTION AND
NONQUALIFIED STOCK OPTION PLAN-1990

1. Purposes of the Plan.

The purposes of this Incentive Stock Option and Nonqualified Stock Option Plan - 1990 (the "Plan") of Red Robin International, Inc., a Washington corporation (the "Company"), are (a) to insure the retention of the services of existing executive personnel, key employees and non-employee directors of the company or its affiliates; (b) to attract and retain competent new executive personnel and key employees; (c) to provide incentive to all such personnel, employees and non-employee directors to devote their utmost effort and skill to the advancement and betterment of the Company, by permitting them to participate in the ownership of the Company and thereby in the success and increased value of the Company; and (d) to allow franchisees of the Company and others with important business relationships with the Company, as may be specifically approved by the Board of directors of the Company, the opportunity to participate in the ownership of the Company and thereby have an interest in the success and increased value of the Company.

2. Shares Subject to the Plan

The shares of stock subject to the incentive options having the terms and conditions set forth in Section 6 below (hereinafter "incentive options") and/or nonqualified options having the terms and conditions set forth in Section 7 below

(hereinafter "nonqualified options") and other provisions of the Plan shall be shares of the Company's authorized but unissued or reacquired common stock (herein sometimes referred to as the "Common Stock"). The total number of shares of the common Stock of the Company which may be issued under the Plan shall not exceed, in the aggregate, 441 shares. The limitations established by the preceding sentence shall be subject to adjustment as provided in Section 8 below. In the event that any outstanding incentive option or nonqualified option granted under the Plan can no longer under any circumstances be exercised, for any reason, the shares of Common Stock allocable to the unexercised portion of such incentive option or nonqualified option, as the case may be, may again be subject to grant under the Plan.

3. Eligibility.

(a) Incentive Options. Officers and other key employees of the company or its parent or of any subsidiary corporation (including directors if they are also employees of the company or a subsidiary), as may be determined by the Board or the Committee, who qualify for incentive stock options under the applicable provisions of the Internal Revenue Code, will be eligible for selection to receive incentive options under the Plan. An employee who has been granted an incentive option may, if otherwise eligible, be granted an additional incentive option or options and/or receive nonqualified options if the Board or Committee shall so determine.

(b) Nonqualified Options. Officers and other key employees of the Company or of any subsidiary corporation, any member of the Board of Directors of the company, whether or not he or she is employed by the Company, or franchisees or others with important business relationships with the Company as may be specifically approved by the Board of Directors of the Company, will be eligible to receive nonqualified options under the Plan. An individual who has been granted a nonqualified option may, if otherwise eligible, be granted an incentive option or options or an additional nonqualified option or options if the Board or Committee shall so determine.

(c) Directors. Notwithstanding any provision hereof to the contrary, in the event shares of the Company's Common Stock are registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), no director of the Company shall be eligible to receive any option under the Plan, unless (A) if granted by action of the Board of Directors, a majority of the Board and a majority of the directors acting in the matter are at the date of such action "disinterested persons", or (B) if granted by action of the Committee, all members of the Committee are at the date of such action "disinterested persons". For the purposes hereof, a "disinterested person" shall mean a person so defined in Rule 16b-3 promulgated pursuant to the Securities Exchange Act of 1934 as the same may be in effect from time to time, or any successor rule or provision thereto.

4. Administration of the Plan.

(a) This Plan shall be administered by the Board of Directors of the Company (the "Board") or by a committee (the "Committee") consisting of three (3) or more persons, at least two of whom shall be directors of the Company, who shall be appointed by, and serve at the pleasure of, the Board of Directors. No person serving as a member of the Board or the Committee shall act on any matter relating solely to such person's own interests under the Plan or any option thereunder. For purposes of the Plan, the term "Administrator" shall mean the Board, or if the Board delegates responsibility for any matter to the Committee, the Committee. The Administrator may from time to time, in its discretion, determine which persons shall be granted incentive options or nonqualified options under the Plan, the terms thereof, and the number of shares for which an incentive option or options or nonqualified option or options shall be granted.

(b) The Administrator shall have full and final authority to determine the persons to whom, and the time or times at which, incentive options or nonqualified options shall be granted, the number of shares to be represented by each incentive option and nonqualified option and the consideration to be received by the Company upon the exercise thereof; to interpret the Plan; to amend and rescind rules and regulations relating to the Plan; to determine the form and content of the incentive options or nonqualified options to be issued under

the Plan; to determine the identity capacity of any persons who may be entitled to exercise a participant's rights under any incentive option or nonqualified option under the Plan; to correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any incentive option or nonqualified option in the manner and to the extent the board or Committee deems desirable to carry the Plan, incentive option or nonqualified option into effect; to accelerate the exercise date of any incentive option or nonqualified option; to provide for an option to the Company to repurchase any shares issued upon exercise of an option upon termination of employment; and to make all other determinations necessary or advisable for the administration of the Plan, but only to the extent not contrary to the express provisions of the Plan. Any action, decision interpretation or determination by the Administrator with respect to the application or administration of the Plan shall be final and binding on all participants.

5. Option Price of Shares.

(a) Incentive Options. The exercise price of the shares of Common Stock covered by each incentive option granted under the Plan shall not be less than the fair market value of such shares on the date the incentive option is granted; provided, however, that the exercise price shall not be less than 110% of the fair market value if the person to whom such options are granted owns 10% or more of the total combined

voting power of all classes of stock of the Company or of its parent or subsidiary corporation.

(b) Nonqualified Options. The exercise price of the shares of Common Stock covered by each nonqualified option granted under the plan shall not be less than eighty-five percent (85%) of the fair market value of such shares on the date the nonqualified option is granted or right of purchase is offered.

(c) Fair Market Value. For purposes of this Section 5, fair market value

shall, if the Common Stock is not listed or admitted to trading on a stock exchange, be the average of the closing bid price and asked price of the Common Stock in the over-the-counter market on the date the incentive option or nonqualified option is granted, or if the Common Stock is then listed or admitted to trading on any stock exchange or the NASDAQ National Market System in the over-the-counter market, the closing sale price on such day on the principal stock exchange on which the Common Stock is then listed or admitted to trading, or, if no sale takes place on such day on such national market system or principal exchange, then the closing sale price of the Common Stock on such national market system or exchange on the next preceding day on which a sale occurred. During such times as there is not a market price available, the fair market value of the Company's Common Stock shall be determined by the Administrator, which shall consider, among other facts which it considers to be

relevant, the book value of such stock and the earnings of the Company. The exercise price shall be subject to adjustment as provided in Section 8 below.

6. Terms and Conditions of Incentive Options.

Each incentive option granted pursuant to this Plan shall be evidenced by a written Incentive Option Agreement which shall specify that the options subject thereto are incentive options within the meaning of Section 422A of the Internal Revenue Code of 1986 as amended. The granting of an incentive option shall take place only when a written Incentive Option Agreement shall have been duly executed and delivered by or on behalf of the company to the optionee to whom such incentive option shall be granted. Neither anything contained in the Plan nor in any resolution adopted or to be adopted by the Administrator shall constitute the granting of any incentive option. The Incentive Option Agreement shall be in such form as the administrator shall, from time to time, recommend, but shall comply with and be subject to the following terms and conditions:

(a) Medium and Time of Payment. The option price upon the exercise of the incentive option shall be payable (i) in United States dollars payable in cash, certified check, or bank draft; (ii) subject to any legal restrictions on the acquisition or purchase of its shares by the Company, by the delivery of shares of Common Stock which shall be deemed to have a value to the Company equal to the aggregate fair market

value of such shares determined at the date of such exercise in accordance with the provisions of Section 5 above; (iii) in the discretion of the Administrator, by the issuance of a promissory note in a form acceptable to the Administrator, or (iv) any combination of (i), (ii) or (iii) above.

(b) Grant of Incentive Option. Any incentive option shall be granted within ten years from the date of the adoption of this Plan or the date this Plan is approved by the shareholders of the Company, whichever is earlier.

(c) Number of Shares. The incentive option shall state the total number of shares to which it pertains.

(d) Incentive Option Price. The incentive option price shall be not less than the fair market value of the shares of Common Stock on the date of the granting of the option; provided, however, that the exercise price shall not be less than 110% of the fair market value if the person to whom such options are granted owns 10% or more of the total combined voting power of all classes of stock of the Company or of its parent or subsidiary corporation.

(e) Term of Incentive Option. Each incentive option granted under the Plan shall expire within a period of not more than ten (10) years from the date the incentive option is granted; provided, however, that the incentive option shall expire within a period of not more than five (5) years if granted to a person who owns more than 10% of the combined voting power of all classes of stock of the Company or of its parent or subsidiary corporation.

(f) Date of Exercise. The Administrator may, in its discretion, provide that an incentive option may be exercised immediately or that it may not be exercised in whole or in part for any specified period or periods of time; provided, however, that at least 20% of the options shall become exercisable on

each anniversary of the date of the grant of such incentive options. Except as may be so provided, any incentive option may be exercised in whole at any time or in part from time to time during its term.

(g) Termination of Employment Except Death or Disability. In the event that an optionee who is an employee of the Company shall cease to be employed by the Company or a parent or any subsidiary corporation of the Company or a corporation or a parent or subsidiary corporation of a corporation issuing and assuming an incentive option in a transaction to which Section 425(a) of the Internal Revenue Code of 1986, as amended, applies, for any reason other than his death or disability, (i) all incentive options granted to any such optionee pursuant to this Plan which are not exercisable at the date of such cessation shall terminate immediately and become void and of no effect, and (ii) all incentive options granted to any such optionee pursuant to this Plan which are exercisable at the date of such cessation may be exercised at any time within three (3) months of the date of such cessation, but in any event no later than the date of expiration of the incentive option period, and if not so

exercised within such time shall become void and of no effect at the end of such time.

(h) Death or Disability of Optionee. If the optionee shall die or become disabled (within the meaning of Section 22(3) (3) of the Internal Revenue Code of 1986, as amended) and shall not have fully exercised his or her incentive options granted pursuant to the Plan, all of such incentive options, whether or not otherwise exercisable, may be exercised at any time within one (1) year after the optionee's cessation of employment as a result of such death or disability, but in any event no later than the date of expiration of the incentive option period, by such optionee, or in the event of death, by the executors or administrators of the optionee's estate or by any person or persons who shall have acquired the incentive option directly from the optionee by bequest or inheritance.

(i) Rights as a Shareholder. An optionee or a transferee of an incentive option shall have no rights as a shareholder with respect to any shares of Common Stock covered by his or her incentive option until the date of the issuance of a share certificate to him or her for such shares. No adjustment shall be made for dividends or distributions or other rights for which the record date is prior to the date such share certificate is issued.

(j) Nonassignability of Rights. No incentive option shall be assignable or transferable by the person receiving same except by will or the laws of descent and distribution.

During the life of such person, the incentive option shall be exercisable only by him.

(k) Limitation. Notwithstanding any other provisions of the Plan, the aggregate fair market value (determined in accordance with the provisions of Section 5 above as of the time the incentive option is granted) of the shares of Common Stock with respect to which incentive stock options are exercisable for the first time by the optionee during any calendar year (under all such plans of the Company and its parent and subsidiary corporations) shall not exceed $100,000.

(l) Other Provisions. Any Incentive Option Agreement may contain such other terms, provisions, and conditions as may be determined by the Administrator, which are not inconsistent with the provisions of Section 422A of the Internal Revenue Code of 1986, as amended, including the option of the Company to repurchase any shares issued upon the exercise of an option upon termination of employment. Incentive options granted to different persons, or to the same person at different times, may be subject to terms, conditions and restrictions which differ from each other.

7. Terms and Conditions of Nonqualified Options.

Each nonqualified option granted pursuant to this Plan shall be evidenced by a written Nonqualified Option Agreement which shall specify that the options subject thereto are nonqualified options. The granting of a nonqualified option shall take place only when this written Nonqualified Option

Agreement shall have been duly executed and delivered by or on behalf of the Company to the optionee to whom such nonqualified option shall be granted. Neither anything contained in the Plan nor in any resolution adopted or to be adopted by the Administrator shall constitute the granting of any nonqualified option. The Nonqualified Option Agreement shall be in such form as the Administrator shall, from time to time, recommend, but shall comply with and be subject to the following terms and conditions:

(a) Medium and Time of Payment. The nonqualified option price shall be payable (i) in United States dollars payable in cash, certified check, or bank draft; (ii) subject to any legal restrictions on the acquisition or purchase of its shares by the Company, by the delivery of shares of Common Stock which shall be deemed to have a value to the Company equal to the aggregate fair market value of such shares determined at the date of such exercise in accordance with the provisions of Section 5 above; (iii) in the discretion of the Administrator, by the issuance of promissory note in a form acceptable to the Administrator; or (iv) any combination of (i), (ii), or (iii) above.

(b) Number of Shares. The nonqualified option shall state the total number of shares to which it pertains.

(c) Terms of Nonqualified Option. Each nonqualified option granted under the Plan shall expire within a period of not more than ten (10) years from the date the nonqualified option is granted.

(d) Date of Exercise. The Administrator may, in its discretion, provide that a nonqualified option may be exercised immediately or that it may not be exercised in whole or in part for any specified period or periods of time; provided, however, that least 20% of the options shall become exercisable on each anniversary of the date of grant of such nonqualified option. Except as may be so provided, any nonqualified option may be exercised in whole at any time or in part from time to time during its term.

(e) Termination of Employment Except Death or Disability. In the event that an optionee who is an employee of the Company shall cease to be employed by the Company or any of its subsidiaries for any reason other than his or her death or disability, or, in the event that an optionee who is a director but not an employee of the Company shall cease to be a director of the Company for any reason other than his or her death or disability, (i) all nonqualified options granted to any such optionee pursuant to this Plan which are not exercisable at the date of such cessation shall terminate immediately and become void and of no effect, and (ii) all nonqualified options granted to any such optionee pursuant to this Plan which are exercisable at the date of such cessation may be exercised at any time within three (3) months of the date of such cessation, but in any event no later than the date of expiration of the nonqualified option period, and if not so exercised within such time shall become void and of no effect at the end of such time.

(f) Death or Disability of Optionee. If the optionee shall die or become permanently disabled and shall not have fully exercised his or her nonqualified options granted pursuant to the Plan, all of such nonqualified options, whether or not otherwise exercisable, may be exercised at any time within one (1) year after the optionee's death or permanent disability but in any event no later than the date of expiration of the nonqualified option period, by such optionee, or in the event of death, by the executors or administrators of the optionee's estate or by any person or persons who shall have acquired the nonqualified option directly from the optionee by bequest or inheritance.

(g) Rights as a Shareholder. An optionee or a transferee of a nonqualified option shall have no rights as a shareholder with respect to any shares of Common Stock covered by his or her nonqualified option until the date of the issuance of a share certificate to such optionee for such shares. No adjustment shall be made for dividends or distributions or other rights for which the record date is prior to the date such share certificate is issued.

(h) Nonassignability of Rights. No nonqualified option shall be assignable or transferable by the person receiving same except by will or the laws of descent and distribution. During the life of such person, the

nonqualified option shall be exercisable only by him or her.

(i) Other Provisions. Any Nonqualified Option Agreement may contain such other terms, provisions and conditions as may be determined by the Administrator, including the option of the Company to repurchase any shares issued upon the exercise of an option upon termination of employment. Nonqualified options granted to different persons, or to the same person at different times, may be subject to terms, conditions and restrictions which differ from each other.

8. Changes in Capital Structure.

In the event that the outstanding shares of Common Stock of the Company are hereafter increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Company by reason of merger, consolidation or reorganization in which the Company is the surviving corporation of or a recapitalization, stock split, combination of shares, reclassification, reincorporation, stock dividend (in excess of 2%), or other change in the corporate structure of the Company, appropriate adjustments shall be made by the Board of Directors in the aggregate number and kind of shares subject to this Plan, and the number and kind of shares and the price per share subject to outstanding incentive options and nonqualified options in order to preserve, but not to increase, the benefits to persons then holding incentive options and/or nonqualified options.

In the event that the Company at any time proposes to merge into, consolidate with or to enter into any other

reorganization (including the sale of substantially all of its assets) in which the Company is not the surviving corporation, or if the Company is the surviving corporation and the ownership of the outstanding capital stock of the Company following the transaction changes by 50% or more as a result of such transaction, the Plan and all unexercised incentive options and nonqualified options granted hereunder shall terminate, unless provision is made in writing in connection with such transaction for the continuance of the Plan and for the assumption of incentive options and nonqualified options theretofore granted, or the substitution for such incentive options and nonqualified options of new options covering shares of a successor corporation, with appropriate adjustments as to number and kind of shares and prices, in which event the Plan and the incentive options and nonqualified options theretofore granted or the new incentive options and nonqualified options substituted therefore, shall continue in the manner and under the terms so provided. If such provision is not made in such transaction for the continuance of the Plan and the assumption of incentive options and nonqualified options theretofore granted or the substitution for such incentive options and nonqualified options of new incentive options and nonqualified options covering the shares of a successor corporation, then the Administrator shall cause written notice of the proposed transaction to be given to the persons holding incentive options or nonqualified options not less than 30 days prior to

the anticipated effective date of the proposed transaction, and all incentive options and nonqualified options shall be accelerated and, concurrent with the effective date of the proposed transaction, such person shall have the right to exercise incentive options and nonqualified options in respect of any or all shares then subject thereto.

9. Amendment and Termination of the Plan.

The Board of Directors of the Company may from time to time alter, amend, suspend or terminate the Plan in such respects as the board of Directors may deem advisable; provided, however, that no such alteration, amendment, suspension or termination shall be made which shall substantially affect or impair the rights of any person under any incentive option or nonqualified option theretofore granted to him without his consent. Without limiting the generality of the foregoing, to the extent permitted by applicable law, the Board of Directors of the Company may alter or amend the plan to comply with requirements under the Internal Revenue Code relating to restricted stock options, incentive options, qualified options or other options which give the optionee more favorable tax treatment than that applicable to options granted under this Plan as of the date of its adoption. Upon any such alteration or amendment, to the extent permitted by applicable law, any outstanding option granted hereunder shall be subject to the more favorable tax treatment afforded to an optionee pursuant to such terms and conditions as the Administrator may

determine.

Unless the Plan shall theretofore have been terminated, the Plan shall be effective on April 3, 1990, and shall terminate on April 2, 2000.

10. Application of Funds.

The proceeds received by the Company from the sale of Common Stock pursuant to incentive options and nonqualified options, except as otherwise provided herein, will be used for general corporate purposes.

11. No Obligation to Exercise Option.

The granting of an incentive option or nonqualified option shall impose no obligation upon the optionee to exercise such an incentive option or nonqualified option.

12. Continuance of Employment.

The Plan or the granting of any incentive option or nonqualified option thereunder shall not impose any obligation on the Company to continue the employment of any optionee.

13. Financial Disclosure.

Upon the granting of any incentive option or nonqualified option under this Plan, the optionee shall be entitled to receive such financial information as may from time to time be disclosed to the stockholders of the Company. Such financial information shall be in the form deemed appropriate by the Board of Directors for distribution to the stockholders.

Exhibit 10.2

RED ROBIN INTERNATIONAL, INC.

1996 STOCK OPTION PLAN

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RED ROBIN INTERNATIONAL, INC.
1996 STOCK OPTION PLAN

1. THE PLAN.

1.1 Purpose.

The purpose of this 1996 Stock Option Plan (the "Plan") is to promote the success of the Company by providing equity incentives to attract, motivate and retain key personnel. Capitalized terms are defined in Article 5.

1.2 Administration.

1.2.1 Committee. This Plan shall be administered by the Committee, acting by a majority vote. The Committee may delegate administrative functions to third parties, including employees of the Company. All actions of the Committee are subject to this Plan.

1.2.2 Powers of Committee. The Committee has authority to (a) construe and interpret this Plan and any related agreements, (b) further define the terms used in this Plan, (c) prescribe, amend and rescind rules and

regulations relating to the administration of this Plan, (d) establish and modify the terms of Option Agreements and Exercise Agreements including, but not limited to, restrictions on transfer and repurchase rights, (e) determine the effect, if any, on a Participant's rights from leaves of absence and (f) make all other determinations necessary or advisable for the administration of this Plan. The determination of the Committee on any of the foregoing matters shall be conclusive.

1.2.3 Binding Determinations. Any action taken by, or inaction of, the Company, the Board or the Committee relating to this Plan is within the absolute discretion of that group or entity. No member of the Board or Committee, or officer or employee of the Company or any Subsidiary, will be liable for any such action or inaction. In determining whether to take any action permitted under the Plan, the Company, the Board or the Committee may rely upon the advice of counsel and accountants of the Company, and such determination shall be conclusive.

1.2.4 Committee Membership. Subject to the requirements of the definition of Committee contained in Article 5, the Board may, at any time (a) change the number of members of the Committee, (b) remove from membership on the Committee all or any of its members, and (c) fill any vacancy existing on the Committee, whether caused by removal, resignation or otherwise.

1.3 Participation.

Options may be granted only to Eligible Persons. An Eligible Person who has been granted an Option may, if otherwise eligible, be granted additional Options.

1.4 Shares Subject to the Plan.

1.4.1 Number of Shares. The aggregate number of Shares that may be issued pursuant to all Options, including ISOs, may not exceed 950,000, subject to adjustment under Section 3.2. Shares may be issued for any lawful consideration.

1.4.2 Calculation of Available Shares and Replenishment. If any Option lapses or terminates without having been exercised in full, the unpurchased or unvested Shares will again be available for purposes of this Plan. The foregoing sentence does not apply to Shares withheld under Section 3.5.

1.5 Grant of Options.

The Committee will determine the Eligible Persons to whom Options will be granted pursuant to Article 2, the terms and conditions of Options (which need not be identical) and the number of Shares subject to each Option. In addition, Non-Employee Directors may be granted NQSOs pursuant to Article 4. Each Option will be evidenced by an Option Agreement approved by the Committee. The grant of an Option is made on the Options Date.

1.6 Exercise of Options.

An exercisable Option will be deemed to be exercised when the Secretary of the Company receives an executed Exercise Agreement from the Participant, together with payment of any required Purchase Price in accordance with Section 1.7, 1.8 or 4.3, as applicable. Options are exercisable only for whole shares. Fractional shares will be disregarded for all purposes under this Plan.

1.7 Payment Forms.

The Purchase Price of each Option must be paid in full at the time of each purchase in one or a combination of the following methods, to the extent authorized by the Committee or set forth in the Option Agreement: (a) cash or cashier's check payable to the Company, (b) if the Committee approves, a Note, or (c) if the Committee approves, by Shares already owned by the Participant. Any Shares delivered that were initially acquired upon exercise of an Option must have been owned by the Participant at least six months as of the

date of delivery. Shares used to satisfy the Purchase Price will be valued at their Fair Market Value on the exercise date.

1.8 Cashless Exercises.

Option Agreements may also provide that the Option may be exercised and payment can be made by delivering a properly executed exercise notice to the Company, together with irrevocable instructions to a bank or broker to promptly deliver to the Company the amount of sale proceeds necessary to pay the Purchase Price and, unless otherwise provided by the Committee, any applicable tax withholding under Section 3.5. The date of exercise will be deemed to be the date the Company receives the proceeds.

2. OPTIONS.

2.1 Grants.

Options may be granted to any Eligible Person. Each Option must be designated by the Committee as either an NQSO or an ISO, and such intent will be indicated in the Option Agreement. ISOs may be granted only to Eligible Persons who are employed by the Company or a corporation that is a "parent" or "subsidiary" corporation within the meaning of Sections 424(e) and 424(f) of the Code, respectively.

2.2 Option Price.

The Purchase Price per Share covered by each Option will be determined by the Committee. In the case of ISOs the Purchase Price per Share must be at least 100% (110% in the case of persons described in Section 2.5.2) of the Fair Market Value of the Shares on the Option Date.

2.3 Option Period.

Each Option will expire on a date determined by the Committee, but not later than 10 years after the Option Date, and will be subject to earlier termination as set forth in this Plan or the Option Agreement.

2.4 Exercise of Options.

An Option may become exercisable in whole or in part, on the date or dates specified in the Option Agreement and thereafter will remain exercisable until the earlier of the expiration or termination of the Option, or as otherwise set forth in this Plan. At least 100 Shares must be purchased at one time unless the number purchased is the total number at the time available for purchase under the Option.

2.5 Limitations on Grant of ISOs.

2.5.1 $100,000 Limit. If the aggregate Fair Market Value of Shares with respect to which ISOs first become exercisable by a Participant in any calendar year exceeds $100,000, taking into account Shares subject to all ISOs granted by the Company which are held by the Participant, the excess will be treated as NQSOs. To determine whether the $100,000 limit is exceeded, the Fair Market Value of Shares subject to Options shall be determined as of the Option Dates of the Options. In reducing the number of Options treated as ISOs to meet the $100,000 limit, the most recently granted Options will be reduced first. If a reduction of simultaneously granted Options is necessary to meet the $100,000 limit, the Company may designate which Shares are to be treated as Shares acquired pursuant to an ISO.

2.5.2 Limitation on Purchase Price and Term. No ISO may be granted to any person who, on the Option Date, owns (or who is deemed to own under Section 424(d) of the Code) outstanding Shares possessing more than 10% of the total combined voting power of all classes of stock of the Company, unless the Purchase Price of such Option is at least 110% of the Fair Market Value of the Shares subject to the Option and such Option by its terms is not exercisable after the expiration of five years from the Option Date of the Option.

3. OTHER PROVISIONS.

3.1 Rights of Eligible Persons, Participants and Beneficiaries.

3.1.1 No Binding Commitment. Status as an Eligible Person is not a

commitment that any Option will be made to any Eligible Person.

3.1.2 No Employment Contract. Nothing contained in this Plan (or any document related hereto) shall confer upon any Eligible Person or Participant any right to continue in the service or employ of the Company or constitute any contract or agreement of service or employment, or interfere in any way with the right of the Company to reduce such person's compensation or other benefits or to terminate the services or employment of such person, with or without cause. Nothing contained in this Plan (or any related document) shall affect any other contractual right of any Eligible Person or Participant.

3.1.3 Limitations on Transferability. Shares issuable pursuant to an Option will be issued only to the Participant or, if the Participant dies, to the Participant's Beneficiary. Other than by will or the laws of descent and

distribution or other exception to transfer restrictions authorized by the Committee, no benefit under, or interest in, this Plan or in any Option shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any such attempted action shall be void. No such benefit or interest shall be, in any manner, liable for, or subject to, debts, contracts, liabilities, engagements or torts of any Eligible Person, Participant or Beneficiary. The Committee shall disregard any attempted transfer, assignment or other alienation prohibited by the preceding sentence or other applicable law and shall pay or deliver such cash or Shares in accordance with this Plan.

3.1.4 No Trust or Fund. No Participant, Beneficiary or other person shall have any right, title or interest in any fund or in any specific asset (including Shares) of the Company by reason of any Option. Neither the provisions of this Plan (or of any documents related hereto), nor the creation or adoption of this Plan, nor any action taken pursuant to this Plan, shall create a trust of any kind or a fiduciary relationship between the Company and any Participant, Beneficiary or other person.

3.2 Adjustments Upon Changes in Capitalization; Acceleration; Possible Early Termination of Options.

3.2.1 Adjustments. If the outstanding Shares are changed into or exchanged for cash or a different number or kind of shares or securities of the Company or of another issuer, or if additional Shares or new or different securities are distributed with respect to the outstanding Shares, through a reorganization or merger to which the Company is a party, or through a combination, consolidation, recapitalization, reclassification, stock split, stock dividend, reverse stock split, stock consolidation or other capital change or adjustment, an appropriate adjustment will be made in the number and kind of Shares or other consideration that is subject to or may be delivered under this Plan and pursuant to outstanding Options.

3.2.2 Acceleration. Upon the occurrence of an Event, each Option shall become immediately exercisable. The Committee may accord any Participant a right to refuse any acceleration, whether pursuant to the Option Agreement or otherwise.

3.2.3 Possible Early Termination of Options. If any Option has been fully accelerated pursuant to Section 3.2.2 but is not exercised prior to (a) a dissolution of the Company, or (b) a reorganization event described in Section 3.2.1 that the Company does not survive, or (c) the

consummation of reorganization event described in Section 3.2.1 that results in an Event approved by the Board, and no provision has been made for the survival, substitution, exchange or other settlement of such Option, such Option shall thereupon terminate.

3.3 Termination of Employment.

3.3.1 Options.

(a) Any Option, to the extent not exercised, will terminate and become null and void upon a termination of employment or service of

the Participant, except as set forth in this Section or otherwise expressly provided in the Option Agreement. All Options shall be subject to earlier termination under Section 2.3, and any and all rights under an Option, to the extent not previously exercised, will expire immediately upon a termination of employment or service of the Participant for Cause. The Committee will be the sole judge of Cause.

(b) Unless otherwise expressly provided in the Option Agreement, a Participant will have the following time periods to exercise Options to the extent they were exercisable on the date of the Participant's termination of employment or service:

(i) If the Participant's employment or service terminates for any reason other than Cause, the Participant will have 90 days after the date of termination of employment or service to exercise any Option to the extent that it was exercisable as of such date;

(ii) If the Participant's employment or service terminates for Cause, the Option shall lapse immediately upon the Participant's termination of employment or service;

(iii) If the Participant's employment or service by the Company terminates by reason of Total Disability, or if the Participant suffers a Total Disability within 90 days of a termination of employment or service described in Section 6.3.1(b)(i), the Participant or the Participant's Personal Representative, as the case may be, will have six months after the date of Total Disability (or, if earlier, termination of employment or service), to exercise any Option to the extent that it was exercisable as of such date;

(iv) If the Participant dies while employed or engaged by the Company, or within 90 days after a termination of employment or service under Section 6.3.1(b)(i) or 6.3.1(b)(iii) above, the Participant's Beneficiary may exercise, at any time within six months after the date of the Participant's death (or, if earlier, termination of employment or service) any Option to the extent that was exercisable as of such date.

3.3.2 Adjustments to Exercisable Portion. Notwithstanding the foregoing, if a Participant's employment or services with the Company terminates for any reason other than for Cause, the Committee may increase the portion of a Participant's Option exercisable to the Participant, or Participant's Beneficiary or Personal Representative, as the case may be, upon such terms as the Committee determines.

3.3.3 Effect of Cessation of Subsidiary Status. If an entity ceases to be a Subsidiary, such action will be deemed for purposes of this Plan to be a termination of services or employment of each Eligible Person of that entity who does not continue as an Eligible Person of the Company or another Subsidiary.

3.4 Government Regulations.

This Plan, the granting of Options, the issuance or transfer of Shares, and the payment of money, pursuant thereto are subject to all applicable federal and state laws, rules and regulations and to such approvals by any regulatory or governmental agency (including, but not limited to, "no action" positions of the Commission) that may, in the judgment of the Committee, be necessary or advisable. Without limiting the generality of the foregoing, no Options may be granted, no Shares will be issued, and no cash payments may be made by the Company, pursuant to any such Option, unless and until, in each such case, all legal requirements applicable to the issuance or payment have been complied with. In connection with any stock issuance or transfer, the person acquiring the Shares must, if requested, give assurances satisfactory to the Committee in respect of such matters as the Committee deems desirable to assure compliance with all applicable legal requirements. A Participant will not be entitled to the privilege of stock ownership as to any Shares not actually issued to such Participant.

3.5 Tax Withholding.

3.5.1 Withholding Obligation. Upon any exercise, vesting, or payment of any Option or, if required under the Code, upon the disposition by a

Participant or other person of Shares acquired pursuant to the exercise of an ISO

prior to satisfaction of the holding period requirements of Section 422 of the Code, the Company has the right at its option to require payment by cashier's check payable to the Company of, or to deduct from amounts payable in cash, the amount of any taxes that the Company may be required to withhold with respect to such transactions. If a tax is required to be withheld in connection with the issuance or transfer of Shares, the Participant may elect, with Committee approval, to have the Company reduce the number of such Shares issued or transferred by the number of Shares (valued at Fair Market Value) necessary to accomplish such withholding.

3.5.2 Tax Withholding Loans. The Committee may permit a loan from the Company to a Participant in the amount of any taxes that the Company may be required to withhold, for a term, at a rate of interest and pursuant to such other terms established by the Committee.

3.6 Amendment, Termination and Suspension.

3.6.1 Amendment, Termination and Suspension. The Board may, at any time, terminate or, from time to time, amend, modify or suspend this Plan or any part hereof. In addition, the Committee may, from time to time, amend or modify any provision of this Plan and, with the consent of the Participant, make such modifications of the terms of such Participant's Option as it deems advisable. The Committee, with the consent of the Participant, also may amend the terms of any Option to provide that the Purchase Price of the Shares remaining subject to the original Option be reestablished at a price not less than 100% of the Fair Market Value of the Shares on the effective date of the amendment. No modification of any other term of any Option that is amended in accordance with the foregoing shall be required, although the Committee may make such further modifications of any such Option as are not inconsistent with this Plan. No Options may be granted during any suspension of this Plan or after its termination.

3.6.2 Stockholder Approval. If an amendment would materially (a) increase the benefits accruing to Participants, (b) increase the aggregate number of Shares that may be issued or (c) modify the requirements of eligibility for participation in this Plan, the amendment shall be approved by the Board and, to the extent then required by applicable law, by the stockholders of the Company.

3.6.3 Effect on Outstanding Options. Options issued before the effective date of any amendment, suspension or termination of this Plan will not without specific action of the Board or the Committee and the consent of the Participant, in any way modify, amend, alter or impair any rights or obligations under any such Option.

3.7 Effective Date of the Plan.

This Plan will be effective upon its approval by the Board, subject to approval by the stockholders of the Company within twelve months from the date of such Board approval.

3.8 Term of the Plan.

Unless previously terminated by the Board, this Plan will terminate at the close of business on September 9, 2006, and no Options will be granted under it thereafter.

3.9 Governing Law.

This Plan and all documents related hereto shall be governed by, and construed in accordance with, the laws of the state of incorporation of the Company. If any provision is held by a court of competent jurisdiction to be invalid and unenforceable, the remaining provisions of this Plan will continue to be fully effective. It is the intent of the Company that this Plan and Options satisfy and be interpreted in a manner that satisfies the applicable requirements of Section 1361, et. seq., of the Code and regulations promulgated thereunder at any time that the Company has elected to be taxed as an S-Corporation thereunder. If any provision of this Plan or of any Option

Agreement would otherwise frustrate or conflict with the intent expressed above, that provision to the extent possible shall be interpreted and deemed amended to avoid such conflict.

4. NON-EMPLOYEE DIRECTOR OPTIONS.

4.1 Participation.

Options under this Article 4 shall be granted only to members of the Board who are not officers or employees of the Company ("Non-Employee Directors") and may be granted in addition to any other NQSOs granted to a Non-Employee Director pursuant to Article 2 of this Plan. In addition, Options under this Article 4 shall be evidenced by Option Agreements substantially in the Form of Exhibit A hereto.

4.2 Option Grants.

After approval of this Plan by the stockholders of the Company, if any person who is not then an officer or employee of the Company shall become a director of the Company for the first time, there shall be granted automatically (without any action by the Board or the Committee) an NQSO (the grant date of which shall be the date such person takes office) to such person to purchase 5,000 shares of Common Stock. On each anniversary of the date on which a Non-

Employee Director receives (or, as described in the next sentence, is deemed to have received) his first NQSO pursuant to this Section 4.2, he shall have granted to him automatically (without any action by the Board or the Committee) an NQSO to purchase 1,000 shares of Common Stock provided he is still a Non-Employee Director on such date. For purposes of the preceding sentence, each person who was a Non-Employee Director immediately prior to the Annual Stockholders Meeting occurring during 1996 and who remains in office following such meeting, shall be deemed to have received his first NQSO under this Section as of the same date such person was treated as receiving his first NQSO under paragraph 3(c)(2) of the Company's 1990 Incentive Stock Option and Nonqualified Stock Option Plan. Non-Employee Directors who have been granted an NQSO under this Section 4.2 shall be referred to herein as "Non-Employee Director Participants".

4.3 Option Price.

The Purchase Price per share of the Common Stock covered by each NQSO granted pursuant to Section 4.2 shall be 100 percent of the Fair Market Value of the Common Stock on the date of such grant (the "Grant Date"). The Purchase Price of any shares purchased shall be paid in full at the time of each purchase in cash or by check or in shares of Common Stock valued at their Fair Market Value on the business day next preceding the date of exercise of the NQSO, or partly in such shares and partly in cash.

4.4 Option Period.

Each NQSO granted under this Article 4 and all rights or obligations thereunder shall expire on the tenth anniversary of the Grant Date and shall be subject to earlier termination as provided below. A Non-Employee Director Participant shall exercise an NQSO granted under this Article 4 by delivering to the Secretary of the Company a written notice stating the number of Shares to be purchased pursuant to the Option and accompanied by (i) delivery of an executed Exercise Agreement and (ii) payment made in accordance with and in a form permitted by Section 4.3 for the full Purchase Price of the Shares to be purchased.

4.5 Exercise of Options.

Except as otherwise provided in Section 4.6 and 4.7, each Option granted under Section 4.2 shall become exercisable at the rate of 20% per annum commencing on the first anniversary of the Grant Date and each of the next four anniversaries thereof.

4.6 Termination of Directorship.

If a Non-Employee Director Participant's services as a member of the Board terminate by reason of death or Total Disability, an NQSO granted pursuant to Section 4.2 hereof held by such Non-Employee Director Participant shall immediately become and shall remain exercisable for one year after the

date of such termination or until the expiration of the stated term of such NQSO, whichever occurs first. If a Non-Employee Director Participant's services as a member of the Board terminate for any other reason, any portion of an NQSO granted pursuant to Section 4.2 held by such Non-Employee Director Participant which is not then exercisable shall terminate and any portion of such Option which is then exercisable may be exercised for three months after the date of such termination or the balance of such NQSOs term, whichever period is shorter.

4.7 Acceleration; Possible Early Termination of Options.

Each Option granted pursuant to this Article 4 shall be subject to acceleration upon the occurrence of certain events as provided in Section 3.2.2 of this Plan. To the extent that any Option granted under this Article 4 is not exercised prior to (i) a dissolution of the Company or (ii) a merger or other corporate event that the Company does not survive, and no provision is made for the assumption, conversion, substitution or exchange of the Option, the Option shall terminate upon the occurrence of such event.

4.8 Adjustments.

The specific numbers of shares stated in the foregoing provisions of Section 4.2 and the consideration payable for such shares shall be subject to adjustment in certain events as provided in Section 3.2.1 of this Plan.

5. DEFINITIONS.

5.1 Definitions.

"Beneficiary" means the person(s) or trust(s) entitled by will or the laws of descent and distribution to receive the benefits specified under this Plan if a Participant dies. If the Company is an S-Corporation, the Participant's Beneficiary must be a person eligible to be an S-Corporation stockholder pursuant to Section 1361 of the Code.

"Board" means the Board of Directors of the Company.

"Cause" means that the Committee, acting in good faith, determines that the Participant has: (a) committed a material breach of the Participant's duties and responsibilities (other than as a result of incapacity due to a Total Disability); or (b) been convicted of a felony, or entered a plea of guilty or nolo contendere with respect to such a crime; or (c) violated any fiduciary duty or duty of loyalty owed to the Company; or (d) been generally incompetent or grossly negligent in the discharge of the Participant's duties and responsibilities; or (e) engaged or is engaging in immoderate use of alcoholic beverages or narcotics or other substance abuse; or (f) violated any of the Company's established employment policies in effect from time to time.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Commission" means the Securities and Exchange Commission.

"Committee" means the Compensation Committee appointed by the Board and consisting of two or more Board members or such greater number as may be required under applicable law. In the absence of such appointment, the Board shall be the Committee.

"Common Stock" means the Common Stock of the Company.

"Company" means Red Robin International, Inc., a Nevada corporation, and its successors, and, where the context so warrants, its Subsidiaries.

"Eligible Person" means (a) an officer or key employee of the Company, (b) a member of the Board of Directors of the Company, (c) an independent contractor who performs services as an advisor or consultant for the Company. Service as an Eligible Person shall be considered employment for all purposes of the Plan; provided, however, that only individuals who satisfy clause (a) of this definition may be granted ISOs under the Plan.

"Event" means approval by the stockholders of the Company of any of the following:

(a) The dissolution or liquidation of the Company;

(b) An agreement to merge or consolidate, or otherwise reorganize, with or into one or more entities other than Subsidiaries, as a result of which less than 50% of the outstanding voting securities of the surviving

or resulting entity are, or are to be, owned by former stockholders of the Company;

(c) The sale of substantially all of the Company's business assets to a person or entity that is not a Subsidiary; or

(d) A person or entity that is not a stockholder of the Company on the date this Plan is adopted by the Board acquires directly or indirectly 50% or more of the Company's outstanding voting securities.

"Exercise Agreement" means a written agreement, approved by the Committee, setting forth the terms for exercise of an Option.

"Fair Market Value" on any date shall mean:

(a) if the Shares are publicly traded: (i) if the Shares are listed or admitted to trade on a national securities exchange, the closing price of the Shares on the Composite Tape, as published in the Western Edition of The Wall Street Journal, of the principal national securities exchange on which the Shares are so listed or admitted to trade, on such date, or, if there is no trading of the Shares on such date, then the closing price of the Shares as quoted on such Composite Tape on the next preceding date on which there was trading in such Shares; (ii) if the Shares are not listed or admitted to trade on a national securities exchange, the last price for the Shares on such date, as furnished by the National Association of Securities Dealers, Inc. ("NASD") through the NASDAQ National Market Reporting System or a similar organization if the NASD is no longer reporting such information; (iii) if the Shares are not listed or admitted to trade on a national securities exchange and are not reported on the National Market Reporting System, the mean between the bid and asked price for the Shares on such date, as furnished by the NASD or a similar organization; or

(b) if the Shares are not publicly traded or the NASD or a similar organization does not furnish the mean between the bid and asked prices for the Shares on such date, the fair market value of a Share as determined by the Committee in good faith. Any determination as to fair market value made pursuant to this Plan shall be determined without regard to any restriction other than a restriction which, by its terms, will never lapse, and shall be conclusive and binding on all persons.

"ISO" means an option designated as an incentive stock option within the meaning of Section 422 of the Code, the award of which contains such provisions as are necessary to comply with that Section.

"NQSO" means an option designated as or deemed by Section 2.5 to be a nonqualified stock option.

"Note" means a promissory note approved by the Committee evidencing a loan from the Company to the Eligible Person of an amount equal to the Purchase Price of an Option. Any Note shall be subject to the following terms:

(a) The principal of the note shall not exceed the amount required to be paid to the Company upon the exercise or receipt of such Option, and the note shall be delivered directly to the Company in consideration of such exercise or receipt.

(b) The term of the Note, including extensions, shall not exceed ten (10) years.

(c) The Note shall provide for full recourse to the Participant.

(d) The Note shall bear interest at a rate determined by the Committee, but not less than the interest rate necessary to avoid the imputation of interest under the Code.

(e) The unpaid principal balance of the Note shall become due and payable on the tenth day after the termination of employment or service of a Participant.

(f) If required by the Committee or by applicable law, the Note shall be secured by a pledge of any Shares financed thereby (and other collateral if required by the Committee).

(g) The terms shall conform with applicable rules and regulations of the Federal Reserve Board as then in effect.

"Option" means an option to purchase Shares under this Plan. An Option shall be designated by the Committee as an NQSO or an ISO.

"Option Agreement" means a written agreement, approved by the Committee, setting forth the terms of an Option. Option Agreements for ISOs shall include any terms and conditions required for "incentive stock options" under Section 422 of the Code.

"Option Date" means the date upon which the Committee took the action granting an Option or such later date set by the Committee.

"Participant" means an Eligible Person who has been granted an Award.

"Personal Representative" means the person or persons who, upon the Total Disability or incompetence of a Participant, has lawfully acquired on behalf of the Participant the power to exercise the rights and receive the benefits specified in this Plan. If the Company is an S Corporation, the Participant's Personal Representative must be a person eligible to be an S Corporation stockholder pursuant to Section 1361 of the Code.

"Purchase Price" means the exercise price, if any, payable by the Participant to the Company upon exercise of an Option in accordance with the applicable Option Agreement and Exercise Agreement; provided, however, that such exercise price shall not be less than the minimum lawful consideration required under applicable state law.

"Shares" means shares of the Company's Common Stock.

"Subsidiary" means any corporation or other entity a majority or more of the outstanding voting stock or voting power of which is beneficially owned directly or indirectly by the Company.

"Total Disability" means a "permanent and total disability" within the meaning of Section 22(e)(3) of the Code and, with respect to NQSOs, such other disabilities, infirmities, afflictions, or conditions as the Committee may include.

Exhibit 10.3

AMENDED AND RESTATED

RED ROBIN GOURMET BURGERS, INC.

2000 MANAGEMENT PERFORMANCE COMMON STOCK OPTION PLAN

1. Purpose. The purpose of this Red Robin Gourmet Burgers, Inc. 2000 Management Performance Common Stock Option Plan (the "Plan") is to further the long term stability and financial success of Red Robin Gourmet Burgers, Inc. (the "Company") by attracting and retaining key employees of the Company and its Subsidiaries and directors of the Company through the use of stock incentives. It is believed that ownership of Company Stock will stimulate the efforts of those employees and directors upon whose judgment and interest the Company is and will be largely dependent for the successful conduct of its business. It is also believed that Option Awards granted to such employees and directors under this Plan will strengthen their desire to remain with the Company and will further the identification of those employees' and directors' interests with those of the Company's shareholders.

2. Definitions. As used in the Plan, the following terms have the meanings indicated:

(a) "Applicable Withholding Taxes" means the aggregate amount of federal, state and local income and payroll taxes that the Company is required to withhold in connection with any exercise of a Nonstatutory Stock Option.

(b) "Board" means the board of directors of the Company.

(c) "Change of Control" means the closing date of any sale or other disposition of substantially all the Company Stock or assets of the Company other than in the ordinary course of business.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Committee" means the Board or the committee appointed by the Board as described under Section 12.

(f) "Company" means Red Robin Gourmet Burgers, Inc., a Nevada corporation.

(g) "Company Stock" means Common Stock, $0.001 par value, of the Company. If the par value of the Company Stock is changed, or in the event of a change in the capital structure of the Company (as provided in Section 11), the shares resulting from such a change shall be deemed to be Company Stock within the meaning of the Plan.

(h) "Control Transfer" means one or a series of related transactions as a result of which (i) any Third Party, or group of Third Parties acting in concert, acquires, directly or indirectly, a majority of the Company's voting shares (on a Fully-Diluted Basis), (ii) the Company consolidates with or merges into or with, or effects any plan of share exchange with, any Person and after giving effect to such consolidation or merger or plan of share exchange any Third Party or group of Third Parties acting in concert owns, directly or indirectly, a majority of the voting shares of the Person (on a Fully-Diluted Basis) surviving such consolidation or merger or (iii) in one transaction or a series of related transactions, all or substantially all of the assets of the Company are sold, leased, exchanged or otherwise transferred as an entirety to any Third Party or group of Third Parties acting in concert (the "Acquiring Persons") and after giving effect to such transaction any Third Party or group of Third Parties acting in concert owns, directly or indirectly, a majority of the voting shares of the Acquiring Persons (on a Fully-Diluted Basis).

(i) "Date of Grant" means the date on which an Option Award is granted by the Committee.

(j) "Disability" or "Disabled" means a condition determined in good faith by the Committee to be a Disability, with such determination to be conclusive.

(k) "Fair Market Value" means as of the Date of Grant (or, if there were no trades on the Date of Grant, the last preceding day on which Company Stock is traded) (i) if the Company Stock is traded on an exchange the average of the highest and lowest registered sales prices of the Company Stock at which it is traded on such day on the exchange on which it generally has the greatest trading volume, (ii) if the Company Stock is traded on the over-the-counter market, the average between the closing high bid and low asked prices as reported by NASDAQ, or (iii) if shares of Common Stock are not traded on any exchange or over-the-counter market, the fair market value shall be determined by the Committee using any reasonable

method in good faith.

(l) "Nonstatutory Stock Option" means an Option that does not meet the requirements of Code section 422, or, even if meeting the requirements of Code section 422, is not intended to be an incentive stock option and is so designated.

(m) "Option" means a right to purchase Company Stock granted under the Plan, at a price determined in accordance with the Plan.

(n) "Option Award" means the award of an Option under the Plan.

(o) "Parent" means, with respect to any corporation, a parent of that corporation within the meaning of Code section 424(e).

(p) "Participant" means any employee or director who receives an Option Award under the Plan.

(q) "Shareholders Agreement" the shareholders agreement among the Company and certain of its shareholders dated May 11, 2000, as amended.

(r) "Subsidiary" means, with respect to any corporation, a subsidiary of that corporation within the meaning of Code section 424(f).

(s) "Third Party" means a Person who was not (i) a shareholder of the Company on April 30, 2000, (ii) a Permitted Transferee (as defined in the Shareholders Agreement) of a transferor who was, or whose predecessor in interest was, a shareholder of the Company on April 30, 2000 or (iii) an Affiliate of the Company or any shareholder or (iv) an employee of the Company on the date such person became a shareholder.

3. General. Only Nonstatutory Stock Options may be granted under Option Awards pursuant to the Plan.

4. Stock. Subject to Section 11 of the Plan, there shall be reserved for issuance under the Plan an aggregate of 2,836,500 shares of Company Stock; which shall be authorized, but unissued shares. Shares allocable to Options or portions thereof granted under the Plan that expire or otherwise terminate unexercised may again be subjected to an Option Award under the Plan. The Committee is expressly authorized to make an Option Award to a Participant conditioned upon the surrender for cancellation of an Option granted under an existing Option Award. For purposes of determining the number of shares that are available for Option Awards under the Plan, such number shall include the number of shares surrendered by an optionee or retained by the Company in payment of Applicable Withholding Taxes.

5. Eligibility.

(a) All present and future employees of the Company (or any Parent or Subsidiary of the Company, whether now existing or hereafter created or acquired) whom the Committee determines to be key employees shall be eligible to receive Option Awards under the Plan. All present and future directors of the Company shall also be eligible to receive Option Awards under the Plan. The Committee shall have the power and complete discretion, as provided in Section 12, to select eligible persons to receive Option Awards and to determine for each such selected person the terms and conditions and the number of shares to be allocated to him or her as part of each Option Award.

(b) The grant of an Option Award shall not obligate the Company or any Parent or Subsidiary of the Company to pay any person any particular amount of remuneration, to continue the employment or service of any person after the grant or to make further grants to the person at any time thereafter.

6. Stock Options.

(a) Whenever the Committee deems it appropriate to grant Options, notice shall be given to the Participant stating the number of shares for which Options are granted, the Option price per share, and the conditions to which the grant and exercise of the Options are subject. This notice, when duly accepted in writing by the Participant, shall become a stock option agreement between the Company and the Participant.

(b) The exercise price of shares covered by an Option may be less than the Fair Market Value of such shares on the Date of Grant, as determined by the Committee.

(c) Options may be exercised in whole or in part at such times as may be specified by the Committee in the Participant's stock option agreement.

(d) The Committee may, in its discretion, grant Options that by their terms become fully exercisable upon a Change of Control, notwithstanding other conditions on exercisability in the stock option agreement.

7. Method of Exercise of Options.

(a) Options may be exercised by the Participant giving written notice of the exercise to the Company, stating the number of shares the Participant has elected to purchase under the Option. Such notice shall be effective only if accompanied by the exercise price in full in cash; provided, that if the terms
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of an Option so permit, or if so determined by the Committee, the Participant may deliver shares of Company Stock (valued at their Fair Market Value on the date of exercise) that have been held by the Participant for more than six months in satisfaction of all or any part of the exercise price.

(b) The Company may place on any certificate representing Company Stock issued upon the exercise of an Option any legend deemed desirable by the Company's counsel to comply with federal or state securities laws, and the Company may require a customary written indication of the Participant's investment intent. Until the Participant has made any required payment, including any Applicable Withholding Taxes, and has had issued a certificate for the shares of Company Stock acquired, he or she shall possess no shareholder rights with respect to the shares.

(c) Each Participant shall agree as a condition of the exercise of an Option to pay to the Company, or make arrangements satisfactory to the Company regarding the payment to the Company of, Applicable Withholding Taxes. Until such amount has been paid or arrangements satisfactory to the Company have been made, no stock certificate shall be issued upon the exercise of an Option.

(d) As an alternative to making a cash payment to the Company to satisfy Applicable Withholding Taxes, the Committee may establish procedures permitting the

Participant to elect to deliver shares of Company Stock (valued at Fair Market Value on the date of delivery) that have been held by the Participant for more than six months that would satisfy all or a specified portion of the Federal, state and local tax liabilities of the Participant arising in the year the Option Award becomes subject to tax. Any such election shall be made only in accordance with procedures established by the Committee.

8. Nontransferability of Options. Options by their terms, shall not be transferable except by will or by the laws of descent and distribution or to the Participant's spouse or children or a family limited partnership, trust or other similar entity solely for the benefit of the Participant's spouse or children (a "Permitted Transferee"), and shall be exercisable, during the Participant's lifetime, only by the Participant or by his or her guardian, duly authorized attorney-in-fact or other legal representative or by the Permitted Transferee to whom they have been transferred.

9. Effective Date of the Plan. The effective date of the Plan is May 11, 2000.

10. Termination, Modification, Change. If not sooner terminated by the Board, this Plan shall terminate at the close of business on April 15, 2010. No Option Awards shall be granted under the Plan after its termination. The Board may terminate the Plan or may amend the Plan in such respects as it shall deem advisable. A termination or amendment of the Plan shall not, without the consent of the Participant, adversely affect a Participant's rights under an Option Award previously granted to him.

11. Change in Capital Structure.

(a) In the event of a stock dividend, stock split or combination of shares, recapitalization or merger in which the Company is the surviving corporation or other change in the Company's capital stock (including, but not limited to, the creation or issuance to shareholders generally of rights, options or warrants for the purchase of common stock or preferred stock of the Company), the number and kind of shares of stock or securities of the Company to be subject to the Plan and to Options then outstanding or to be granted thereunder, the maximum number of shares or securities which may be delivered under the Plan, the exercise price and other relevant provisions shall be appropriately adjusted by the Committee, whose determination shall be binding on all persons. If the adjustment would produce fractional shares with respect to any unexercised Option, the Committee may adjust appropriately the number of shares covered by the Option so as to eliminate the fractional shares.

(b) In the event of a Control Transfer, each outstanding Option that either has theretofore vested or becomes vested by reason of such Control

Transfer and is not exercised prior to the consummation of the Control Transfer, shall, as determined by the Committee, either (i) be honored or assumed or new rights substituted therefor, or (ii) be canceled in exchange for a payment in cash of an amount equal to the excess, if any, of the net proceeds to be received per Common Share in the Control Transfer over the exercise price for the Option.

(c) Notwithstanding anything in the Plan to the contrary, the Committee may take the foregoing actions without the consent of any Participant, and the Committee's determination shall be conclusive and binding on all persons for all purposes.

12. Administration of the Plan. The Plan shall be administered by the Committee, which shall consist of not less than two members of the Board, who shall be appointed by the Board. In the absence of appointment of the Committee, the entire Board shall constitute the Committee. The Committee shall have general authority to impose any limitation or condition upon an Option Award the Committee deems appropriate to achieve the objectives of the Option Award and the Plan and, without limitation and in addition to powers set forth elsewhere in the Plan, shall have the following specific authority:

(a) The Committee shall have the power and complete discretion to determine (i) which eligible persons shall receive Option Awards, (ii) the number of shares of Company Stock to be covered by each Option Award, (iii) the exercise price of Nonstatutory Stock Options; (iv) the Fair Market Value of Company Stock, (v) the time or times when an Option Award shall be granted, (vi) whether an Option Award shall become vested over a period of time and when it shall be fully vested, (vii) when Options may be exercised, (viii) whether a Disability exists, (ix) the manner in which payment will be made upon the exercise of Options, (x) conditions relating to the length of time before disposition of Company Stock received upon the exercise of Options is permitted, (xi) whether to approve a Participant's election to deliver shares of already owned Company Stock to satisfy Applicable Withholding Taxes, (xii) notice provisions relating to the sale of Company Stock acquired under the Plan, and (xiii) any additional requirements relating to Option Awards that the Committee deems appropriate. The Committee shall have the power to amend the terms of previously granted Option Awards so long as the terms as amended are consistent with the terms of the Plan and provided that the consent of the Participant is obtained with respect to any amendment that would be detrimental to him or her.

(b) The Committee may adopt rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Committee shall be final and conclusive. The Committee may consult with counsel, who may be counsel to the Company, and shall not incur any liability for any action taken in good faith in reliance upon the advice of counsel.

(c) A majority of the members of the Committee shall constitute a quorum, and all actions of the Committee shall be taken by a majority of the members present. Any action may be taken by a written instrument signed by all of the members, and any action so taken shall be fully effective as if it had been taken at a meeting.

(d) The Board from time to time may appoint members previously appointed and may fill vacancies, however caused, in the Committee.

13. Notice. All notices and other communications required or permitted to be given under this Plan shall be in writing and shall be deemed to have been duly given if delivered personally or mailed first class, postage prepaid, as follows (a) if to the Company - at its principal business address to the attention of the Chief Executive Officer; (b) if to any Participant - at the last address of the Participant known to the sender at the time the notice or other communication is sent.

14. Interpretation. The terms of this Plan shall be governed by the laws of the State of Colorado.

IN WITNESS WHEREOF, the Company has caused this Amended and Restated Plan to be executed this 23rd day of October, 2000.

RED ROBIN GOURMET BURGERS, INC.

By: /s/ James P. McCloskey

James P. McCloskey
Chief Financial Officer

Exhibit 10.7

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AMENDED AND RESTATED

SHAREHOLDERS AGREEMENT

AMONG

RED ROBIN GOURMET BURGERS, INC.

SKYLARK COMPANY, LTD

RR INVESTORS, LLC

RR INVESTORS II, LLC

MICHAEL J. SNYDER

AND

CERTAIN OTHER SHAREHOLDERS

Dated as of August 9, 2001

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AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

This AMENDED AND RESTATED SHAREHOLDERS AGREEMENT (this "Agreement") is made and entered into this 9 day of August, 2001 by and among Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Holding Company"), the Persons, including Skylark Company, Ltd., a Japan corporation ("Skylark"), listed in Schedule A (the "Skylark Holders"), RR Investors, LLC, a Virginia limited liability company ("Investors I"), RR Investors II, LLC, a Virginia limited liability company ("Investors II" and together with Investors I, "Investors"), Michael J. Snyder ("Snyder") and each of the Persons listed in Schedule B hereto (together with Snyder, the "Snyder Group") and each of the Persons listed in Schedule C hereto (the "Existing Shareholders"). The Skylark Holders, Investors, the Snyder Group, the Existing Shareholders and the Option Executives, and their respective successors and permitted assigns (including any Related Transferees), are collectively referred to as the "Shareholders" and individually as a "Shareholder."

On May 11, 2000, Red Robin International, Inc., a Nevada corporation and a wholly owned subsidiary of the Holding Company (the "Operating Company"), and the Shareholders entered into that certain Shareholders Agreement (the "Shareholders Agreement") to, among other things, provide for the governance of

the Operating Company and to specify and limit the manner and terms upon which the Covered Shares (as hereinafter defined) shall or may be transferred.

On January 23, 2001, the Operating Company, the Holding Company and Red Robin Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of the Holding Company ("RRMS"), entered into a Merger Agreement (the "Merger Agreement") to provide for a corporate reorganization of the Operating Company whereby RRMS would be merged with and into the Operating Company (the "Merger"), with (a) the Operating Company continuing as the surviving corporation of such merger, and (b) each outstanding share (or any fraction thereof) of the common stock of the Operating Company being converted in such merger into a like number of shares of the common stock of the Holding Company, par value $0.001 per share.

Concurrently with the consummation of the Merger in accordance with the terms of the Merger Agreement, the parties hereto desire to amend and restate, in its entirety, the Shareholders Agreement in order to add the Holding Company as a party hereto in substitution of the Operating Company, to provide for the governance of the Holding Company and to specify and limit the manner and terms upon and by which the Covered Shares shall or may be transferred.

The parties to this Agreement hereby agree as follows:

1. Definitions. Terms defined in this Agreement shall have the meaning ascribed to them in this Agreement, in addition, as used in this Agreement, the following terms shall have the following respective meanings, whether used in the singular or the plural:

"Affiliate" of any Person means any other Person directly or indirectly controlling (including all directors and officers of such Person) or controlled by or under direct or indirect common control with such Person. For the purposes of this definition, "control", when used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Appraisal Purchasers" has the meaning set forth in Section 4(f)(ii).

"Appraisal Shares" has the meaning set forth in Section 4(f)(i).

"Bona Fide Offer" has the meaning set forth in Section 3(b).

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in Richmond, Virginia, New York, New York, or Denver, Colorado are authorized by law to close.

"Common Shares" means the Holding Company's common stock, $0.001 par value.

"Compelled Sale" has the meaning set forth in Section 4(a).

"Control Transfer" means one or a series of related transactions as a result of which (i) any Third Party, or group of Third Parties acting in concert, acquires, directly or indirectly, a majority of the Holding Company's Voting Shares (on a Fully-Diluted Basis), (ii) the Holding Company consolidates with or merges into or with, or effects any plan of share exchange with, any Person and after giving effect to such consolidation or merger or plan of share exchange any Third Party or group of Third Parties acting in concert owns, directly or indirectly, a majority of the Voting Shares of the Person (on a Fully-Diluted Basis) surviving such consolidation or merger or (iii) in one transaction or a series of related transactions, all or substantially all of the assets of the Holding Company and its Subsidiaries are sold, leased, exchanged or otherwise transferred as an entirety to any Third Party or group of Third Parties acting in concert (the "Acquiring Persons") and after giving effect to such transaction any Third Party or group of Third Parties acting in concert owns, directly or indirectly, a majority of the Voting Shares of the Acquiring Persons (on a Fully-Diluted Basis).

"Covered Shares" means, without duplication, (A) the Common Shares purchased or otherwise acquired by the Shareholders, which as of a date of determination are outstanding, (B) the Underlying Shares (or the instrument pursuant to which such Underlying Shares are issuable) which as of such date are outstanding (or, in the case of such instrument, may at such time be exercised), and (C) any equity securities referred to in clauses (A) and (B) above issued or issuable directly or indirectly with respect to the Shares, which as of such date are outstanding, by way of share dividend or share split or in connection with a combination of shares, recapitalization, merger, consolidation, plan of

share exchange or other reorganization. For purposes of this Agreement, a Person will

be deemed to be a holder or owner of Covered Shares whenever such Person has the right, other than pursuant to the terms of this Agreement, to acquire such Covered Shares (by conversion, exercise of warrant or option or otherwise, but disregarding any legal restrictions (other than imposed pursuant to this Agreement) upon the exercise of such right), whether or not such right has been exercised. As to any particular shares constituting Covered Shares, such shares will cease to be Covered Shares when they have been sold pursuant to a Public Sale.

"Duly Endorsed" means duly endorsed in blank by the Person or Persons in whose name a share certificate is registered or accompanied by a duly executed share assignment separate from the certificate with, in the case of a Person other than the Skylark Holders, Investors and the Snyder Group, the signature(s) thereon guaranteed by a commercial bank or trust company or a member of a national securities exchange or of the National Association of Securities Dealers, Inc.

"Executive Stock Options" means the options to purchase Common Shares awarded to Option Executives pursuant to the Stock Option Plans.

"Fair Market Value" per Common Share means, as of any date, the fair market value per Common Share as of such date, calculated on a Fully-Diluted Basis and determined in good faith by the Holding Co. Board of Directors.

"Fully-Diluted Basis" means, without duplication, all outstanding Common Shares and all Underlying Shares.

"Funded Debt" means, as of any date, without duplication, with respect to any Person, (i) all indebtedness for borrowed money or for the deferred purchase of property, (ii) the face amount of all letters of credit, banker's acceptances and other credit facilities issued for the account of such Person and, without duplication, all drafts drawn thereunder, (iii) all indebtedness secured by any lien on any property owned by such Person, to the extent attributable to such Person's interest in such property even though such Person has not assumed or become liable for the payment thereof, (iv) lease obligations of such Person which, in accordance with generally acceptable accounting principles, should be capitalized, (v) obligations with respect to any conditional sale agreement or title retention agreement and (vi) guarantees by such Person of the Funded Debt of another Person, but excluding in each case trade and other accounts payable in the ordinary course of business.

"Holding Co. Board of Directors" means the board of directors of the Holding Company.

"HSR Act" means the Hart Scott Rodino Antitrust Improvements Act of 1976, as amended.

"Involuntary Transfer" means any transfer of title or beneficial ownership of Covered Shares (other than a transfer pursuant to Section 3(c)(iii)) upon default, foreclosure, forfeit, divorce, court order, or otherwise than upon a voluntary decision on the part of a Shareholder.

"Offeror" has the meaning set forth in Section 3(b).

"Operating Company" means Red Robin International, Inc., a Nevada corporation and a wholly owned subsidiary of the Holding Company.

"Operating Co. Board of Directors" means the board of directors of the Operating Company.

"Option Executives" means employees of the Holding Company or its Subsidiaries who are awarded Executive Stock Options.

"Permitted Transferee" means the holder of Covered Shares where such shares were acquired pursuant to a transfer permitted by Section 3(c) hereof.

"Person" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association or organization, joint venture, government or department or agency thereof, or other entity of whatever nature.

"Public Offering" means any sale of Common Shares pursuant to a registered public offering under the Securities Act.

"Public Sale" means any Public Offering or any sale of Common Shares to the public pursuant to Rule 144 effected through a broker or dealer.

"Qualified Public Offering" means a Public Sale of Common Shares which, when aggregated with all previous Public Sales of Common Shares, results in at least 20% of the Common Shares outstanding on a Fully-Diluted Basis being held by Persons other than Shareholders and their respective Affiliates and gross proceeds of at least $30 million.

"Related Transferee" has the meaning set forth in Section 3(c).

"Rule 144" means Rule 144 promulgated by the Securities and Exchange Commission under the Securities Act as such rule may be amended from time to time, or any similar rule then in force.

"Securities Act" means the United States Securities Act of 1933, as amended from time to time.

"Securities and Exchange Commission" means the United States Securities and Exchange Commission and includes any federal governmental body or agency succeeding to the functions thereof.

"Senior Debt Facility" means the credit facility of the Operating Company pursuant to and substantially in accordance with that certain Loan Agreement, dated as of September 6, 2000, by and among the Operating Company, FINOVA Capital Corporation, and certain financial institutions from time to time parties thereto, as the

same shall be amended, amended and restated, supplemented, restructured or otherwise modified from time to time (in whole or in part and without limitation as to terms, conditions or covenants and without regard to the principal amount thereof) and in effect, including all related notes, collateral documents, guaranties, instruments and agreements entered into in connection therewith, and any successive restructurings, renewals or refundings thereof.

"Shareholder" has the meaning set forth in the Recitals.

"Skylark Holders" means the Persons listed in Schedule A.

"Stock Option Plans" means the Holding Company's Employee Stock Option Plan, 1990, Employee Stock Option Plan, 1996 and the 2000 Management Performance Common Stock Option Plan pursuant to which options to purchase Common Shares are to be awarded to certain employees of the Holding Company or its Subsidiaries and any other stock option plan or other equity-based employee benefit plans approved by the Holding Co. Board of Directors after the date of this Agreement.

"Subsidiary" means, with respect to any Person, any corporation of which an aggregate of 50% or more of the outstanding share capital or capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, capital stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, owned by such Person and/or one or more Subsidiaries of such Person.

"Third Party" means a Person who was not (i) a party to this Agreement immediately after the date hereof, (ii) a Permitted Transferee of a transferor who was, or whose predecessor in interest was, a party to this Agreement immediately after the date hereof or (iii) an Affiliate of the Holding Company or any Shareholder or (iv) an employee of the Holding Company or any of its Subsidiaries on the date such person became a Shareholder.

"Underlying Shares" means, as the context requires, all Common Shares issuable upon exercise of any then outstanding options (including the Executive Stock Options), warrants, convertible or exchangeable securities or other similar instruments or rights.

"Voting Shares" means shares of the class or classes having general voting power under ordinary circumstances to elect at least a majority of the board of directors of a corporation (irrespective of whether or not at the time shares of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

2. Holding Co. Board of Directors.

(a) Constitution of the Board. Each Shareholder shall appear in person or by proxy at any annual or special meeting of shareholders for the purpose of obtaining a

quorum and shall vote or cause the vote of the Covered Shares and any other Voting Shares of the Holding Company over which he or it has voting control,

either in person or by proxy, and will take all other necessary or desirable action within his control (whether in his capacity as a shareholder, director or officer of the Holding Company or otherwise), and the Holding Company shall take all necessary or desirable action within its control, in order to cause:

(i) the Holding Co. Board of Directors to consist of five members;

(ii) so long as the Skylark Holders, their Affiliates and the Skylark Holders' or their Affiliates' Related Transferees hold collectively at least a number of Common Shares equal to 90% of the Common Shares held by them as of May 11, 2000 (as such number is equitably adjusted to reflect stock splits, stock dividends, recapitalizations and reclassifications), the election of two directors designated by the Skylark Holders, and so long as the Skylark Holders, their Affiliates and the Skylark Holders' or their Affiliates' Related Transferees hold collectively at least a number of Common Shares equal to 50% of the Common Shares held by them as of May 11, 2000 (as such number is equitably adjusted to reflect stock splits, stock dividends, recapitalizations and reclassifications), the election of one director designated by the Skylark Holders ("Skylark Directors");

(iii) so long as Investors, its Affiliates and Investors' or its Affiliates' Related Transferees hold collectively at least a number of Common Shares equal to 90% of the Common Shares held by them as of May 11, 2000 (as such number is equitably adjusted to reflect stock splits, stock dividends, recapitalizations and reclassifications), the election of two directors designated by Investors, and so long as Investors, its Affiliates and Investors' or its Affiliates' Related Transferees hold collectively at least a number of Common Shares equal to 50% of the Common Shares held by them as of May 11, 2000 (as such number is equitably adjusted to reflect stock splits, stock dividends, recapitalizations and reclassifications), the election of one director designated by Investors ("Investors Directors"); provided that so long as Investors is entitled to -------- designate one or more directors pursuant to this Section 2(a)(iii) and Quad-C Partners V, L.P., a Delaware limited partnership, directly or indirectly holds any Common Shares, it shall be entitled to designate one of the Investors Directors;

(iv) so long as he is the Chief Executive Officer of the Holding Company and holds at least a number of Executive Stock Options and/or Common Shares equal to 90% of the Executive Stock Options and Common Shares held by him as of May 11, 2000 (as such number is equitably adjusted to reflect stock splits, stock dividends, recapitalizations and reclassifications), the election of Snyder as a director; provided that in the event Snyder ceases to be the
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Chief Executive Officer of the Holding Company, so long as the Snyder Group holds at least a number of Executive Stock Options and/or Common Shares equal to 90% of the Executive Stock Options and Common Shares held by them as of May 11, 2000 (as such number is equitably adjusted to reflect stock splits, stock

dividends, recapitalizations and reclassifications), the election of one director designated by the Snyder Group;

(v) so long as Skylark, Investors, Snyder or the Snyder Group is entitled to designate directors pursuant to this Section 2(a), the removal, with or without cause, of any director designated by the Skylark Holders, Investors, Snyder or the Snyder Group, as the case may be, only at the respective written request of the Skylark Holders, Investors, Snyder or the Snyder Group, as the case may be; and

(vi) in the event that any director designated by the Skylark Holders , Investors or the Snyder Group pursuant to this Section 2(a) ceases for any reason to serve as a member of the Holding Co. Board of Directors during his term of office, the resulting vacancy on the Holding Co. Board of Directors to be filled by a representative designated by the Skylark Holders, Investors or the Snyder Group, as the case may be, hereunder (so long as the Skylark Holders, Investors or the Snyder Group, as the case may be, is entitled to designate the director pursuant to this Section 2).

(b) Board Action.

(i) At all meetings of the Holding Co. Board of Directors, a majority of the number of the directors then in office, including in any case at least one Skylark Director and at least one Investors Director, shall constitute a quorum for the transaction of business thereat. Except as expressly otherwise provided in this Agreement, the vote of a majority of the directors present at a meeting of the Holding Co. Board of Directors with respect to which notice thereof pursuant to the by-laws of the Holding Company as in effect on the date hereof shall have been duly given and at which a quorum is present shall be the act of the Holding Co. Board of Directors.

(ii) During the term of this Agreement, (A) so long as Investors, its Affiliates and Investors' or its Affiliates' Related Transferees hold in excess of 25% of the outstanding Voting Securities of the Holding Company, without the

approval of at least one Investors Director, and (B) so long as Skylark guarantees or provides other similar credit support for any of the long-term debt of the Holding Company or its Subsidiaries, without the approval of at least one Skylark Director, neither the Holding Company nor any of its Subsidiaries shall:

(A) enter into or make material modifications to any agreement or transaction or series of related transactions with any Affiliate;

(B) effect a recapitalization or an increase or reduction in the amount of its equity securities or the creation of any additional class of capital stock or the issuance of additional shares of capital stock or securities convertible into, exchangeable for or granting the right to acquire (with or without the payment of consideration) capital stock other

than pro rata among the holders of Common Shares except pursuant to the exercise of Executive Stock Options;

(C) acquire (including by merger) stock or assets of another Person that will not be operated as a "Red Robin" restaurant or a reasonable extension, development or expansion thereof or ancillary thereto;

(D) except as approved in connection with the Annual Budget (as defined below) under clause (I) or (J), acquire (including by merger) stock or assets of another Person that will be operated as a "Red Robin" restaurant or a reasonable extension, development or expansion thereof or ancillary thereto for a purchase price in excess of $7 million;

(E) sell, lease, exchange, transfer or otherwise dispose of, directly or indirectly, in a single transaction or series of related transactions, a significant portion of the assets of the Holding Company or any of its Subsidiaries;

(F) except as permitted under clause (C) or (D) above, merge, consolidate or effect a share exchange with, or sell all or any significant portion of the outstanding capital stock to, any other Person;

(G) incur or guaranty any material Funded Debt in excess of $5 million or any modifications or amendment to any agreement governing the extension or guaranty thereof (other than the incurrence under the terms of the Senior Debt Facility or any agreement previously approved by the Holding Co. Board of Directors or the Operating Co. Board of Directors or the incurrence of Funded Debt permitted under any such agreement);

(H) enter into or acquire a business that is not (1) substantially in the business conducted by the Holding Company or any of its Subsidiaries on the date hereof or (2) a reasonable extension, development or expansion thereof or ancillary thereto;

(I) approve the annual operating and capital expenditure budget (the "Annual Budget");

(J) expend, or commit to expend, in any fiscal year of the Holding Company, capital expenditures materially in excess of the amount provided in the Annual Budget;

(K) commence a voluntary case or consent to the entry of an order for relief against it in an involuntary case under Chapter 7 or Chapter 11 of the United States Bankruptcy Code; or

(L) other than amendments permitted by the second proviso of the first sentence of Section 11(a), amend this Agreement or the Certificate of Incorporation of the Holding Company in a manner which would adversely affect the rights and obligations of Investors, the Skylark Holders or the Snyder Group, as the case may be, or amend the by-laws of the Holding Company in a manner that is in conflict with the applicable provisions of this Agreement;

provided that during the continuance of any period in which a default exists under the Senior Debt Facility which would entitle the lenders thereunder or the holders thereof to accelerate the obligations of the borrower thereunder, all action of the Holding Co. Board of Directors shall require the affirmative vote of at least one Investors Director and one

Skylark Director if at such time Investors and/or the Skylark Holders, as the case may be, are entitled to exercise approval rights pursuant to this Section 2(b)(ii); provided further that so long as the Skylark Holders, their Affiliates and the Skylark Holders' or their Affiliates' Related Transferees hold in excess of 25% of the outstanding Voting Securities of the Holding Company, neither the Holding Company nor any of its Subsidiaries shall take the actions set forth in clause (C) or clause (H) above without the approval of at least one Skylark Director; provided further that in the event of conflict between the provisions of this Section 2(b)(ii) and the provisions of Section 4 hereof, the provisions of Section 4 shall control.

(c) Committees. The Holding Co. Board of Directors may establish committees, including an Executive Committee, which shall have such authority as shall be delegated by the Holding Co. Board of Directors from time to time. So long as the Skylark Holders, their Affiliates and the Skylark Holders' or their Affiliates' Related Transferees hold collectively at least 25% of the Common Shares or Skylark guarantees or provides other similar credit support for any of the long-term debt of the Holding Company or any of its Subsidiaries, at least one Skylark Director shall be a member of each committee. So long as Investors, its Affiliates or Investors' and its Affiliates' Related Transferees hold collectively at least 25% of the Common Shares, at least one director designated by Investors shall be a member of each committee.

(d) Expenses. The Holding Company will pay the reasonable out-of-pocket expenses incurred by each director in connection with attending the meetings of the Holding Co. Board of Directors and any committee thereof.

(e) Directors Insurance. The Holding Company will provide errors and omissions insurance for the benefit of the directors of the Holding Company.

(f) Board of Subsidiaries. The provisions of this Section 2 shall also be applicable to the board of directors of each of the principal operating Subsidiaries of the Holding Company, including, without limitation, the Operating Co. Board of Directors; provided, however, that the provisions of Section 2(g) below shall apply only to the Operating Co. Board of Directors.

(g) Operating Co. Board of Directors. Notwithstanding anything to the contrary herein, the Holding Company, as the sole shareholder of the Operating Company, shall take all necessary or desirable action within its control, in order to cause:

(i) the Operating Co. Board of Directors to consist of three members;

(ii) so long as the Skylark Holders, their Affiliates and the Skylark Holders' or their Affiliates' Related Transferees hold collectively at least a number of Common Shares equal to 50% of the Common Shares held by them as of May 11, 2000 (as such number is equitably adjusted to reflect stock splits, stock dividends, recapitalizations and reclassifications), the election of one director designated by the Skylark Holders;

(iii) so long as Investors, its Affiliates and Investors' or its Affiliates' Related Transferees hold collectively at least a number of Common Shares equal to 50% of the Common Shares held by them as of May 11, 2000 (as such number is equitably adjusted to reflect stock splits, stock dividends, recapitalizations and reclassifications), the election of one director designated by Investors; provided that so long as Quad-C Partners V, L.P., a Delaware limited partnership, directly or indirectly holds any Common Shares, it shall be entitled to designate such director;

(iv) so long as he is the Chief Executive Officer of the Operating Company and holds at least a number of Executive Stock Options and/or Common Shares equal to 90% of the Executive Stock Options and Common Shares held by him as of May 11, 2000 (as such number is equitably adjusted to reflect stock splits, stock dividends, recapitalizations and reclassifications), the election of Snyder as a director; provided that in the event Snyder ceases to be the Chief Executive Officer of the Operating Company, so long as the Snyder Group holds at least a number of Executive Stock Options and/or Common Shares equal to 90% of the Executive Stock Options and Common Shares held by them as of May 11, 2000 (as such number is equitably adjusted to reflect stock splits, stock dividends, recapitalizations and reclassifications), the election of one director designated by the

Snyder Group;

(v) so long as Skylark, Investors, Snyder or the Snyder Group is entitled to designate directors pursuant to this Section 2(g), the removal, with or without cause, of any director designated by the Skylark Holders, Investors, Snyder or the Snyder Group, as the case may be, only at the respective written request of the Skylark Holders, Investors, Snyder or the Snyder Group, as the case may be; and

(vi) in the event that any director designated by the Skylark Holders , Investors or the Snyder Group pursuant to this Section 2(g) ceases for any reason to serve as a member of the Operating Co. Board of Directors during his term of office, the resulting vacancy on the Operating Co. Board of Directors to be filled by a representative designated by the Skylark Holders, Investors or the Snyder

Group, as the case may be, hereunder (so long as the Skylark Holders, Investors or the Snyder Group, as the case may be, is entitled to designate the director pursuant to this Section 2(g)).

3. Restrictions on Transfer of Covered Shares.

(a) Transfer of Covered Shares. No Shareholder will, voluntarily or involuntarily, directly or indirectly, sell, transfer, assign, pledge, donate, or otherwise encumber or dispose of any interest in any Covered Shares (a "Transfer") except (i) pursuant to a Transfer to the Holding Company, a Public Sale, a Compelled Sale pursuant to the provisions of Section 4, or to a Permitted Transferee pursuant to Section 3(c), or (ii) pursuant to the provisions of Section 3(b). (The Transfers described in Section 3(a)(i) are referred to as "Exempt Transfers" and all other Transfers are referred to as "Non-Exempt Transfers.").

(b) First Refusal Right.

(i) If any Shareholder (an "Offeror") shall receive a written offer from a third party (the "Bona Fide Offer") to purchase any of its Covered Shares that would constitute a Non-Exempt Transfer and desires to accept the same, then, at least 25 Business Days before making any such Non-Exempt Transfer (the "First Offer Election Period"), the Transferor will deliver a written notice accompanied by a copy of the Bona Fide Offer (the "First Offer Notice") to the Holding Company and to all other Shareholders (the "Offerees"). The First Offer Notice will specify the proposed number of Covered Shares to be the subject of such Transfer (the "Offered Shares") and disclose in reasonable detail the proposed terms and conditions of the Transfer. Unless otherwise agreed by the Offeror, the purchase price for any such Transfer must be payable solely in cash at the closing of the transaction. For purposes of this Section 3(b), the value of any securities or other non-cash consideration to be received by the Offeror as part of the Non-Exempt Transfer shall be established by an independent appraisal or an opinion of a nationally recognized investment banking or valuation firm obtained at the expense of the Offeror.

(ii) The Holding Company and the Offerees shall have the right to purchase all (but not less than all) of the Offered Shares, at the price and on the terms specified in the First Offer Notice (the "First Offer Right") by delivering written notice of such election (the "First Offer Election Notice") to the Offeror as provided in this Section 3(b)(ii). Within 25 Business Days after receipt of the First Offer Notice (the "Election Period"), the Holding Company shall give written notice to the Offeror and the Offerees of the number of Offered Shares it has elected to purchase. If the Holding Company does not elect to purchase all of the Offered Shares within the Election Period, the Offerees, within five Business Days after the expiration of the Election Period, shall give written notice to the Holding Company and the Offeror of the number of Offered Shares they have elected to purchase. Each Offeree shall be entitled to elect to purchase his pro rata portion of the Offered Shares that the Holding Company has not elected to

purchase, and if any Offeree does not elect to purchase his pro rata portion of the Offered Shares, each electing Offeree shall be entitled to purchase all of the remaining Offered Shares; provided that if in the aggregate such Offerees elect to purchase more than the remaining Offered Shares, such remaining Offered Shares purchased by each such electing Offeree will be reduced on a pro rata basis. The pro rata basis will be based on the number of Common Shares then held by such Offeree.

(iii) If the Holding Company and the Offerees have elected to purchase all Offered Shares, the transfer of such shares will be consummated as soon as practicable (but in any event within 25 Business Days) after the later of (i) the delivery of the First Offer Election Notice by the Holding Company if it has elected to purchase all of the Offered Shares, or (ii) the delivery of the First Offer Election Notice by the Offerees if they alone, or together with the Holding Company, have elected to purchase all of the Offered Shares. If the Holding Company and the Offerees have not elected to purchase all of the Offered Shares, the Transferor may, within 90 days after the expiration of the First Offer Election Period, transfer all (but not less than all) such Offered Shares to one or more Third Parties at the same or higher price and on terms not more favorable in the aggregate to the transferee(s) than offered to the Offerees in the First Offer Notice; provided, that prior to such Transfer, such transferees shall have
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agreed in writing to be bound by the provisions of this Agreement and shall have delivered to the Holding Company an executed counterpart of this Agreement. Any Offered Shares not transferred within such 90-day period will be subject to the provisions of this Section 3 upon subsequent transfer.

(iv) Notwithstanding the foregoing, unless the Offeror shall have consented to the purchase of less than all of the Offered Shares, no Offeree may purchase any Offered Shares unless all of the Offered Shares are to be purchased.

(c) Permitted Transfers. The restrictions contained in this Section 3 will not apply with respect to:

(i) any Transfer by a Shareholder that is a corporation, partnership, limited liability company or unincorporated association which is a distribution in kind to all of its shareholders, partners or members in accordance with the terms of the applicable governing instruments;

(ii) any Transfer by will or otherwise pursuant to the laws of succession, distribution and descent;

(iii) any Transfer by the Skylark Holders or Investors to any employee or Affiliate of the Skylark Holders or Investors or of an Affiliate thereof, or to the spouse or children of any such employee or a family limited partnership, a trust or trusts or other similar entity solely for the benefit of such employee and /or such employee's spouse or children;

(iv) any Transfer to an Affiliate of the transferor;

(v) any Transfer required by a regulatory authority having jurisdiction over the transferor; and

(vi) any Transfer by a Shareholder to that Shareholder's spouse or children or to a family limited partnership, a trust or trusts or other similar entity solely for the benefit of that Shareholder and/or that Shareholder's spouse or children;

provided, that the restrictions contained in this Section 3 will continue to be
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applicable to the Covered Shares after any such Transfer, and before any such Transfer is effected the transferees of such Covered Shares shall agree in writing to be bound by all the provisions of this Agreement and shall execute and deliver to the Holding Company a counterpart of this Agreement. The transferee of Covered Shares under Sections 3(c)(i), 3(c)(ii), 3(c)(iii), 3(c)(iv) and 3(c)(vi) is referred to as a "Related Transferee" of the transferor under such Section. In the event that following any Transfer by either Investors or the Skylark Holders pursuant to this Section 3(c), such transferor ceases to exist as a legal entity, then such disappearing transferor (or its successor(s), as the case may be) and all of its Related Transferees shall designate in writing a single representative who shall be authorized to act under this Agreement for and on behalf of such disappearing entity and its respective Related Transferees, as applicable.

(d) Termination of Restrictions. The restrictions on the Transfer of Covered Shares set forth in this Section 3 will continue with respect to each Covered Share until, in the case of the restriction contained in Section 3(e), the date on which such Covered Share has been transferred in a Public Sale, and in the case of all other restrictions, the earlier of (i) the date on which such Covered Share has been transferred in a Public Sale or (ii) the date this Agreement is terminated pursuant to Section 11(k) hereof.

(e) Securities Laws. In addition to any other restriction on Transfer

herein, each Shareholder agrees that (i) subject to the terms and conditions of this Agreement, prior to making any Transfer of any of the Covered Shares, the Shareholder will give notice to the Holding Company describing the manner of such proposed Transfer and, if required by the Holding Company, (ii) the Shareholder will not effect any Transfer until either: (A) the Shareholder has delivered to the Holding Company an opinion, in a form acceptable to the Holding Company, of securities counsel acceptable to the Holding Company to the effect that no registration of the Covered Shares under the Securities Act or registration or qualification under the securities or "blue sky" laws of any state or province is required in connection with such proposed Transfer, or (B) a registration statement under the Securities Act covering such proposed Transfer has been filed by the Holding Company with the Securities and Exchange Commission and has become effective under the Securities Act and compliance with applicable state and provincial securities or "blue sky" laws has been effected.

(f) Prohibited Transfer. Notwithstanding anything herein to the contrary, except pursuant to a Compelled Sale or a Control Transfer approved by the Holding Co.

Board of Directors, Covered Shares may not be Transferred to any Person that directly, or indirectly through one or more Affiliates, is engaged in a business similar to the business conducted by the Holding Company or any of its Subsidiaries or is a competitor of the Holding Company or any of its Subsidiaries.

(g) Improper Transfer. Any attempt to Transfer any Covered Shares which is not in accordance with this Agreement shall be null and void, and the Holding Company shall not give any effect to such attempted Transfer in the share records of the Holding Company.

4. Right to Compel Sale or Public Offering.

(a) Right to Compel Sale or Public Offering.

(i) In the event that at the time of the notice referred to in paragraph (c) of this Section 4 there shall not have been a Qualified Public Offering and Investors and its Affiliates and Investors' and its Affiliates' Related Transferees continue to hold at least 25% of the outstanding Common Shares, after April 30, 2005, Investors shall be entitled to give notice to the Holding Company, the Skylark Holders and Snyder that it (the "Compelling Holder") proposes either (i) to make a Control Transfer (whether pursuant to a share sale, plan of share exchange, merger, consolidation, or sale, lease, exchange or transfer of all or substantially all of the assets of the Holding Company and its Subsidiaries) (the "Compelled Sale") or (ii) to cause the Holding Company to effect a Public Offering.

(ii) In the event that at the time of the notice referred to in paragraph (c) of this Section 4 there shall not have been a Qualified Public Offering and the Skylark Holders and their Affiliates and the Skylark Holders' and their Affiliates' Related Transferees continue to hold at least 25% of the outstanding Common Shares, after April 30, 2005, the Skylark Holders shall be entitled to give notice to the Holding Company, Investors and Snyder that it (the "Compelling Holder") proposes either (i) to make a Control Transfer (whether pursuant to a share sale, plan of share exchange, merger, consolidation, or sale, lease, exchange or transfer of all or substantially all of the assets of the Holding Company and its Subsidiaries) (the "Compelled Sale") or (ii) to cause the Holding Company to effect a Public Offering.

(iii) In the event that at the time of the notice referred to in paragraph (c) of this Section 4, (A) Snyder is not the Chief Executive Officer of the Holding Company and the Operating Company, (B) there shall not have been a Qualified Public Offering and (C) the Snyder Group and their Related Transferees continue to hold at least 10% of the outstanding Common Shares, after April 30, 2005, Snyder shall be entitled to give notice to the Holding Company, Investors and the Skylark Holders that it (the "Compelling Holder") proposes either (i) to make a Control Transfer (whether pursuant to a share sale, plan of share exchange, merger, consolidation, or sale, lease, exchange or transfer of all or substantially all

of the assets of the Holding Company and its Subsidiaries) (the "Compelled Sale") or (ii) to cause the Holding Company to effect a Public Offering.

(b) Compelled Sale. In the event the Compelling Holder elects to make a Control Transfer, the Compelling Holder shall have the right, exercisable as set forth below, to require the Holding Company and each of the other

Shareholders (the "Compelled Holders") to sell the number of Covered Shares (including Underlying Shares and whether vested or unvested) then held by them calculated as follows:

(i) The number of Covered Shares which the Compelling Holder may require each Compelled Holder to sell shall be determined by the Compelling Holder, but shall be no greater than the product of (A) the total number of Covered Shares (including Underlying Shares) proposed to be sold in the Control Transfer (including Covered Shares of any Compelled Holders proposed to be so sold), times (B) a fraction, the numerator of which shall be the total number of Covered Shares (including Underlying Shares) then held by such Compelled Holder, and the denominator of which shall be the total number of the then outstanding Covered Shares (calculated on a Fully-Diluted Basis) (such product, the "Maximum Compelled Sale"). Notwithstanding the foregoing, each Compelled Holder shall be entitled, at its election, to include in the Compelled Sale at least such number of Covered Shares held by such Compelled Holder multiplied by the fraction, the numerator of which shall be the number of Covered Shares proposed to be sold by the Compelling Holder and the denominator of which shall be the total number of Covered Shares held by the Compelling Holder.

(ii) Subject to the last sentence of Section 4(c)(iii), the consideration to be received by the Compelled Holder for Covered Shares sold pursuant to this Section 4 shall be the same consideration per share to be received by the Compelling Holder, and the terms and conditions of such sale by the Compelled Holders shall be the same as those upon which the Compelling Holders sell their Covered Shares.

Notwithstanding anything contained in this Section 4, the Compelling Holders shall have full and absolute discretion to effect or not to effect a sale of Covered Shares pursuant to this Section 4, and there shall be no liability on the part of the Compelling Holder to any Compelled Holder if such sale is not consummated for whatever reason.

(c) Compelled Sale Notice. The Compelling Holder shall cause the terms of the Compelled Sale to be reduced to writing and shall provide written notice (the "Compelled Sale Notice") of such Compelled Sale to the other Shareholders as follows:

(i) The Compelled Sale Notice shall contain written notice of the exercise of the Compelling Holder's rights pursuant to Section 4(a) hereof, setting forth the consideration per share to be paid by the purchaser in such Control Transfer (and in the event the consideration consists in part or in whole of consideration other than cash, a description of the non-cash component of the

consideration, together with the Compelling Holders' reasonable estimate (supported by an independent appraisal or opinion of a nationally recognized investment banking or valuation firm) of the fair market value of such non-cash component), the other terms and conditions of the Compelled Sale, and the number of Covered Shares with respect to which such Compelling Holder are exercising their rights under this Section 4. Seven Business Days before the date the Compelling Holder has advised the Compelled Holders is the expected date of execution of the agreement pursuant to which the Compelled Sale is to be effected, but not sooner than ten Business Days after delivery of the notice, each Compelled Holder shall deliver to the Holding Company, to be held for sale, or return in the event the Compelled Sale is not consummated, upon the terms of this Section 4, the certificate or certificates representing Covered Shares held by such Compelled Holder, Duly Endorsed, together with a limited power-of-attorney authorizing the Compelling Holder or any one of them to take all actions necessary to sell or otherwise dispose of the Covered Shares to be sold pursuant to such Compelled Sale. In the event that a Compelled Holder should fail to deliver such certificate or certificates as aforesaid, the Holding Company shall cause the books and records of the Holding Company to show that such Covered Shares are bound by the provisions of this Section 4(b) and that such Covered Shares shall be Transferred only to the purchaser in such Control Transfer upon surrender for Transfer by the Compelled Holder thereof.

(ii) During the course of negotiating and prior to effecting a Compelled Sale, the Compelling Holder shall consult with such of the Compelled Holders whose representatives are members of the Holding Co. Board of Directors and shall keep them informed with respect to developments relating to the Compelled Sale.

(iii) Each Compelled Holder agrees to cooperate in consummating the Compelled Sale, including, without limitation, by executing and becoming a party to the sale agreement and all other appropriate related agreements, delivering share certificates and other instruments

for such Covered Shares Duly Endorsed for transfer, free and clear of all liens and encumbrances, and voting or consenting in favor of such transaction (to the extent a vote or consent is required) and raising no objection against and taking any other necessary or appropriate action in furtherance thereof, including the execution and delivery of any other appropriate agreements, certificates, instruments and other documents and granting identical indemnification rights (either directly to the purchaser or pursuant to the provisions of a contribution agreement) pro rata based upon the number of shares sold by such Shareholder in the Compelled Sale; provided that, without the written consent of a particular Shareholder, the amount of such Shareholder's indemnity shall not exceed the gross proceeds received by such Shareholder in such sale except with respect to indemnification which arises from misrepresentation or breach with respect to title to such Shareholder's securities or the authority of such Shareholder with respect to the Compelled Sale. If the Compelled Sale is structured as a merger or share exchange, each Compelled

Holder agrees to waive any dissenters, appraisal or similar rights in connection with such merger or share exchange.

(iv) Promptly after the consummation of the sale of Covered Shares of the Compelling Holder and Compelled Holders pursuant to this Section 4, the Compelling Holder shall give notice thereof to the Compelled Holders, shall remit to the Compelled Holders the total sales price of the Covered Shares of the Compelled Holders sold pursuant thereto (after deduction of the Compelled Holders' proportionate share of (A) the expenses associated with such sale, (B) amounts paid into escrow or held back, in the reasonable determination of the Compelling Holder, for indemnification or post-closing expenses, and (C) amounts subject to post-closing purchase price adjustments, based on the number of Covered Shares sold by the Compelled Holders in relation to the total number of Covered Shares being sold pursuant to this Section 4). In connection with the any such sale, except as provided below, the Compelling Holder shall not receive consideration or benefits (except that in the event Investors is the Compelling Holder, Affiliates of Investors may receive customary investment banking fees) which are not shared pro rata among the Compelling Holder and the Compelled Holders. Notwithstanding anything contained in this Section 4, in the event that all or a portion of the purchase price of the Covered Shares being sold pursuant to the Compelled Sale consists of non-cash consideration, the Compelling Holder selling Covered Shares pursuant thereto may, at their option, deliver to the Compelled Holders, in lieu of such non-cash consideration allocable to the Covered Shares being sold pursuant to the Compelled Sale, cash in an amount equal to the fair market value of such non-cash consideration, as determined by an independent investment banking firm or other nationally recognized appraisal firm acceptable to the Compelling Holder and the Compelled Holders; provided, that if either (1) such non-cash consideration allocable to the Covered Shares being sold pursuant to the Compelled Sale may not in the opinion of the Compelling Holder be transferred lawfully without a Compelled Holder effecting a regulatory compliance (including, without limitation, preparation, registration or pre-registration of disclosure documentation) or (2) such non-cash consideration allocable to the Covered Shares being sold pursuant to the Compelled Sale may not, in the opinion of the Compelled Holder, lawfully be held by such Compelled Holder, the fair market value of such non-cash consideration, as determined by an independent nationally recognized investment banking firm or other nationally recognized appraisal firm acceptable to the Compelling Holder and the Compelled Holders, shall be paid to such Compelled Holder in lieu of such non-cash consideration.

(d) Rule 506. If the Holding Company or the Compelling Holder enters into any negotiation or transaction for which Rule 506 under the Securities Act (or any similar rule then in effect) promulgated by the Securities and Exchange Commission or other securities regulatory authority may be available with respect to such negotiation or transaction (including a merger, consolidation or other reorganization), the Compelled Holders will, at the request of the Compelling Holder, appoint a purchaser representative (as such term is defined in Rule 501 under the Securities Act) reasonably acceptable to

the Compelling Holder. If any Compelled Holder appoints the purchaser representative designated by the Compelling Holder, the Holding Company will pay the fees of such purchaser representative, but if any Compelled Holder declines to appoint the purchaser representative designated by the Compelling Holders, such Compelled Holder will appoint another purchaser representative (reasonably acceptable to the Compelling Holder), and such Compelled Holder will be

responsible for the fees of the purchaser representative so appointed.

(e) Public Offering. In the event the Compelling Holder elects to cause the Holding Company to effect a Public Offering, the Compelling Holder shall have the rights of the Requesting Holder pursuant to section 2(a) of the Registration Rights Agreement, dated as of May 11, 2000, among the Holding Company, the Skylark Holders, Investors, Snyder and certain other holders of Common Shares, as amended, and the additional right to cause the Holding Company to include in such registration statement and issue and sell in the Public Offering pursuant thereto such number of Common Shares as the Compelling Holder shall determine in addition to such number of Common Shares it elects to include therein for its own account.

(f) Appraisal Option.

(i) Notwithstanding the foregoing, within 20 Business Days after receipt of the Compelled Sale Notice or a notice of Public Offering, the Skylark Holders and/or Snyder, in the case of a Compelled Sale Notice by Investors, Investors and/or Snyder, in the case of a Compelled Sale Notice by the Skylark Holders, and the Skylark Holders and/or Investors, in the case of a Compelled Sale Notice by Snyder, may cause the Holding Company to engage a nationally recognized independent investment banking firm or other nationally recognized appraisal firm selected by it that is acceptable to the Compelling Holder and the Compelled Holders (the "Appraisal Firm") to issue a report (the "Appraisal Report") within thirty days setting forth its determination of the price at which a Compelled Sale or Public Offering, as the case may be, of the Holding Company could be effected for cash and the net before tax proceeds that would be distributable to the holders of the Holding Company's equity securities from such Compelled Sale or Public Offering (the "Appraised Value"). Once the Appraised Value has been determined as contemplated by the preceding sentence of this Section 4(f), a copy thereof shall be delivered to Investors, the Skylark Holders and Snyder. Within ten days after receipt of the Appraisal Report, the Compelling Holder shall give notice to the Skylark Holders, Snyder and/or Investors, as the case may be, and the Holding Company whether or not it wishes to proceed with the Compelled Sale or Public Offering. If the Compelling Holder gives notice that it does not wish to proceed with the Compelled Sale or Public Offering, notice thereof shall be given to the Shareholders, and the Compelling Holder shall not be entitled give notice of a new Compelled Sale or Public Offering pursuant to this Section 4 until at least 180 days after it gave the notice not to proceed contemplated by this sentence. If the Compelling Holder gives notice that it wishes to proceed with the Compelled Sale or Public Offering, subject to paragraph (ii) of this Section 4(f), the Skylark Holders, Snyder and/or

Investors and/or their respective Related Transferees, as the case may be, shall have the right, for a period of thirty calendar days after receipt of such notice, to give notice to the Compelling Holder of its or their election to purchase (either alone, with the Holding Company, or with other Persons designated by it or them, as the case may be) from the Compelling Holder and its Affiliates and their Related Transferees at a closing within thirty days after the date of such notice all, but not less than all (unless the Compelling Holder shall otherwise consent), of the equity securities of the Holding Company held by the Compelling Holder and its Affiliates and their Related Transferees (the "Appraisal Shares") for a total consideration equal to the net before tax proceeds that would have been distributed to the Compelling Holder and its Affiliates and their Related Transferees in exchange for the Appraisal Shares based upon the Appraisal Report, in which event the Compelling Holder and its Affiliates and their Related Transferees shall be obligated to sell the Appraisal Shares to the purchaser at the closing. In the event the Skylark Holders, Snyder and/or Investors, as the case may be, and their respective Related Transferees do not give notice to purchase, or the purchase is not closed, within the thirty-day period set forth herein, the Compelling Holder shall be entitled to proceed with the Compelled Sale or Public Offering pursuant to this Section 4.

(ii) Pursuant to paragraph (i) of this Section 4(f), the Skylark Holders, Snyder and/or Investors, as the case may be, and their respective Related Transferees either acting alone or with other Persons designated by them (the "Appraisal Purchasers") shall be entitled to purchase their pro rata portion of the Appraisal Shares and if any of the Appraisal Purchasers do not elect to purchase their pro rata portion of the Appraisal Shares then the other Appraisal Purchasers shall be entitled to purchase all of the remaining Appraisal Shares; provided that if in the aggregate such other Appraisal
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Purchasers elect to purchase more than the remaining Appraisal Shares, such remaining Appraisal Sharers purchased by each such electing

Appraisal Purchaser will be reduced on a pro rata basis. Pro rata shall be based upon the number of Common Shares then held by the Appraisal Purchasers.

5. The Holding Company's Right to Purchase Covered Shares Upon Involuntary Transfer. In the event of any Involuntary Transfer of Covered Shares, the Holding Company shall have the right (which right shall be assignable as determined by the Holding Co. Board of Directors) to purchase such Covered Shares pursuant to this Section 5. Upon the Involuntary Transfer of any Covered Shares of any Shareholder, such Shareholder shall promptly (but in no event later than two Business Days after such Involuntary Transfer) furnish written notice to the Holding Company indicating that the Involuntary Transfer has occurred, specifying the name of the Person to whom such Covered Shares have been Transferred (the "Involuntary Transferee") and giving a detailed description of the circumstances giving rise to, and stating the legal basis for, the Involuntary Transfer. Upon the receipt of such notice, and for 90 days thereafter (or at any time in the event such notice has not been given), the Holding Company shall have the right to purchase, and the Involuntary Transferee shall have the obligation to sell, all or any portion of the Covered Shares acquired by the Involuntary Transferee for a

purchase price equal to the lesser of (i) the Fair Market Value of such Covered Shares on the date of Transfer to the Involuntary Transferee and (ii) the amount of the indebtedness or other liability that gave rise to the Involuntary Transfer plus the excess, if any, of the cost per share of such Covered Shares over the amount of such indebtedness or other liability that gave rise to the Involuntary Transfer. Notwithstanding the foregoing, the Holding Co. Board of Directors may, for good cause shown by the Shareholder who made the Involuntary Transfer, determine that payment of a purchase price equal to the Fair Market Value of such Covered Shares on the date of Transfer to the Involuntary Transferee, if higher than the price determined pursuant to clause (ii) above, would be appropriate under the circumstances and direct that payment be made in such amount.

6. Pre-emptive Rights. Each Shareholder hereby waives any pre-emptive right it may have to subscribe for or purchase Common Shares issued to Investors pursuant to the Subscription Agreement and with respect to any Common Shares which may be issued by the Holding Company in the future.

7. Legend. Each certificate evidencing Covered Shares and each certificate issued in exchange for or upon the transfer of any Covered Shares (if such shares remain Covered Shares upon such transfer) will be stamped or otherwise imprinted with a legend in substantially the following form:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN OR WILL BE ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT"), OR ANY STATE SECURITIES OR "BLUE SKY" LAW, AND MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT IN COMPLIANCE WITH THE ACT AND SUCH BLUE SKY LAWS AND UNTIL THE ISSUER OF SUCH SECURITIES SHALL HAVE RECEIVED THE WRITTEN OPINION OF COUNSEL ACCEPTABLE TO IT TO THAT EFFECT.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO AN AMENDED AND RESTATED SHAREHOLDERS AGREEMENT DATED AS OF _____ __, 2001, AMONG RED ROBIN GOURMET BURGERS, INC. (THE " HOLDING COMPANY") AND SHAREHOLDERS THEREOF, AS THE SAME MAY BE AMENDED FROM TIME TO TIME, PURSUANT TO THE TERMS OF WHICH THE TRANSFER OF SUCH SECURITIES IS RESTRICTED. SUCH AGREEMENT ALSO PROVIDES FOR VARIOUS OTHER LIMITATIONS AND OBLIGATIONS, AND ALL OF THE TERMS THEREOF ARE INCORPORATED BY REFERENCE HEREIN. A COPY OF SUCH SHAREHOLDERS AGREEMENT WILL BE FURNISHED WITHOUT CHARGE BY THE HOLDING COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST.

The legend set forth in the first paragraph above shall be removed from the certificates evidencing any shares which are sold in a Public Sale.

The legend set forth in the second paragraph above shall be removed from the certificates evidencing any shares which cease to be Covered Shares.

8. Transfer or Issuance.

(a) Transfer. Prior to transferring any Covered Shares (other than in a Public Sale, a sale in connection with an initial Public Offering, or a Control Transfer) to any Person, the Transferring Shareholder will cause the prospective transferee to execute and deliver counterparts of this Agreement to the Holding Company.

(b) Issuance. Prior to the issuance of any Common Shares or any right with respect thereto to any Person who is not a party to this Agreement, the

Holding Company will cause such Person to execute and deliver counterparts of this Agreement to the Holding Company.

9. Representation and Warranty of Shareholders. Each of the Shareholders hereby represents and warrants (i) that it is not a party to any contract or agreement (other than subscription agreements or agreements with its Affiliates), including any voting trust or other voting arrangement, whereby (A) any of the Covered Shares or any interest therein held by such party on the date hereof is to be offered, sold, assigned, pledged, hypothecated, or otherwise transferred (as used in this Section 9 only, a "transfer") or (B) any Person has been granted any rights inconsistent or in conflict with the provisions of this Agreement and (ii) that no such party has any present intention so to transfer any Covered Shares or any interest therein to any Person other than Permitted Transferees.

10. Miscellaneous.

(a) Amendment and Waiver. Except as otherwise provided herein, no modification, amendment or waiver of any provision of this Agreement will be effective against the Holding Company or the Shareholders, unless such modification, amendment or waiver is approved in writing by the Holding Company if it is to be effective against the Holding Company, or by the holders of a majority of the Covered Shares if it is to be effective against the Shareholders; provided, that any amendment, modification or waiver which
----
adversely affects the rights and obligations of any Shareholder in any material respect (an "Affected Holder") shall also require the approval of the Affected Holder; provided further that this Agreement may be amended by the Holding
-------- -------
Company and the holders of a majority of the Common Shares to add as parties hereto Persons who in the future become shareholders of the Holding Company or of securities convertible into or exchangeable for Covered Shares as permitted by the terms of this Agreement. The failure of any party to enforce any of the provisions of this Agreement will in no way be construed as a waiver of such provisions and will not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

(b) Information Rights. The Holding Company will furnish to each Shareholder, so long as such Shareholder and its Affiliates holds at least ten percent of

the outstanding shares of any class of Voting Shares, the following information: (i) within 15 days after the end of each four week accounting period of the Holding Company, the summary consolidated financial statements of the Holding Company (certified by the chief financial officer of the Holding Company) for such period, accompanied by a copy of the report, if any, provided by management to the Holding Co. Board of Directors, discussing the revenues and operations of the Holding Company and its Subsidiaries for such period; (ii) within 90 days after the end of each fiscal year of the Holding Company, its annual audited consolidated financial statements, accompanied by the report thereon by the Holding Company's independent accountants, accompanied by a copy of the report, if any, provided by management to the Holding Co. Board of Directors, discussing the revenues and operations of the Holding Company and its Subsidiaries for such year; (iii) promptly after filing, copies of any documents filed by the Holding Company or its Subsidiaries with the Securities and Exchange Commission; (iv) promptly after mailing or otherwise sending to its senior lenders, copies of all materials so mailed or sent thereto; and (v) any other information such Investor reasonably shall request.

(c) Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

(d) Entire Agreement. Except as otherwise expressly set forth herein, this document embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

(e) Successors and Assigns.

(i) This Agreement will bind and inure to the benefit of and be enforceable by the Holding Company and its successors and assigns and the Shareholders, any subsequent holders of Covered Shares and the respective heirs, administrators, executors, representatives, successors and permitted assigns of each of them, so long as they hold Covered Shares.

(ii) By subscribing to this Agreement, each Person that becomes a holder of Covered Shares hereby agrees, as of the date such Person becomes a holder of Covered Shares, to be bound by all of the terms and provisions hereof, which provisions shall be binding upon the heirs, executors, administrators, successors and permitted assigns of such Person.

(f) Counterparts. This Agreement may be executed in separate counterparts each of which will be an original and all of which taken together will constitute one and the same agreement.

(g) Remedies. The Shareholders will be entitled to enforce their rights under this Agreement specifically (without posting a bond or other security), to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights existing in their favor. The parties hereto agree and acknowledge that money damages will not be an adequate remedy for any breach of the provisions of this Agreement and that any Shareholder may in its sole discretion apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive relief in order to enforce or prevent any violation of the provisions of this Agreement.

(h) Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement will be in writing and will be deemed effective and given upon actual delivery if presented personally, one Business Day after the date sent if sent by prepaid telegram, overnight courier services, telex or by facsimile transmission, or five Business Days if mailed by certified or registered mail, return receipt requested and postage prepaid, which shall be addressed to the following addresses:

If to the Holding Company:

Red Robin Gourmet Burgers, Inc.
5575 DTC Parkway, Suite 110
Greenwood Village, Colorado 80111
U.S.A.
Attention: Michael J. Snyder
and John W. Grant
Facsimile: 303-846-6073

with a copy to:

O'Melveny & Myers LLP
610 Newport Center Drive, 17/th/ Floor
Newport Beach, California 92660
U.S.A.
Attention: Thomas J. Leary
Facsimile: 949-823-6994

If to Skylark or the Skylark Holders, to:

16F Green-Tower Building
6-14-1 Nishi Shinjuku-ku
Tokyo
JAPAN
Attention: Tasuku Chino
Facsimile: 03 (3349) 8244

with a copy to:

O'Melveny & Myers LLP
610 Newport Center Drive, 17/th/ Floor
Newport Beach, California 92660
U.S.A.
Attention: Thomas J. Leary
Facsimile: 949-823-6994

If to Investors, to:

RR Investors, LLC
RR Investors II, LLC
c/o Quad-C, Inc.
230 East High Street
Charlottesville, Virginia 22902
U.S.A.
Attention: Edward T. Harvey, Jr.
Facsimile: 804-979-1145

with a copy to:

McGuire, Woods, Battle & Boothe LLP

One James Center
Richmond, Virginia 23219
U.S.A.
Attention: Leslie A. Grandis
Facsimile: 804-775-1061

If to Snyder, to:

Michael J. Snyder
Red Robin Gourmet Burgers, Inc.
5575 DTC Parkway, Suite 110
Greenwood Village, Colorado 80111
U.S.A.
Facsimile No.: 303-846-6013

with a copy to:

Powers & Therrien, P.S.
3502 Tilton Drive
Yakima, Washington 98902
U.S.A.
Attention: Keith Therrien
and Leslie Powers
Facsimile No.: 509-453-0745

If to any other Shareholder:

to the address specified in the corporate records of the Holding Company.

or such other address or to the attention of such other person as the recipient party shall have specified by prior written notice to the sending party.

(i) Governing Law. The corporation laws of the State of Delaware will govern all questions concerning the relative rights of the Holding Company and the Shareholders. All other questions concerning the construction, validity and interpretation of this Agreement will be governed by and construed in accordance the internal law of the State of Colorado, without giving effect to any choice of law or conflict of law provisions (whether of the State of Colorado or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Colorado.

(j) Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

(k) Termination. The provisions of this Agreement will terminate automatically and be of no further force and effect upon the earlier to occur of (i) the consummation of a Qualified Public Offering or (ii) the consummation of a Control Transfer. Notwithstanding the foregoing, in the event the Holding Company enters into an agreement to merge with or into any other Person or adopts any other plan of recapitalization, consolidation, reorganization or other restructuring transaction as a result of which the Shareholders and their respective Permitted Transferees shall own less than a majority of the outstanding voting power of the entity surviving such transaction, this Agreement shall terminate.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Amended and Restated Shareholders Agreement on the day and year first above written.

RED ROBIN GOURMET BURGERS, INC.

By: /s/ Michael J. Snyder

Michael J. Snyder
President

SKYLARK COMPANY, LTD.

By:_____
Name:
Title:

KIWAMU YOKOKAWA

_____
Kiwamu Yokokawa

GAISHOKU SYSTEM KENKYUJO
COMPANY, LTD.

By:_____
Name:
Title:

HIBARI GUAM CORPORATION

By:_____
Name:
Title:

RR INVESTORS, LLC

By:_____
Edward T. Harvey, Jr.
President

IN WITNESS WHEREOF, the parties hereto have executed this Amended and Restated Shareholders Agreement on the day and year first above written.

RED ROBIN GOURMET BURGERS, INC.

By:_____
Michael J. Snyder
President

SKYLARK COMPANY, LTD.

By: /s/Yasutaka Ito

Name: Yasutaka Ito
Title: President

KIWAMU YOKOKAWA

/s/ Kiwamu Yokokawa

Kiwamu Yokokawa

GAISHOKU SYSTEM KENKYUJO
COMPANY, LTD.

By: /s/ Tadashi Yokokawa

Name: Tadashi Yokokawa
Title: President

HIBARI GUAM CORPORATION

By: /s/ Masataka Yamashita

Name: MASATAKA YAMASHITA
Title: PRESIDENT

RR INVESTORS, LLC

By:_____
Edward T. Harvey, Jr.
President

IN WITNESS WHEREOF, the parties hereto have executed this Amended and Restated Shareholders Agreement on the day and year first above written.

RED ROBIN GOURMET BURGERS, INC.

By:_____
Michael J. Snyder
President

SKYLARK COMPANY, LTD.

By:_____
Name:
Title:

KIWAMU YOKOKAWA

_____
Kiwamu Yokokawa

GAISHOKU SYSTEM KENKYUJO
COMPANY, LTD.

By:_____
Name:
Title:

HIBARI GUAM CORPORATION

By:_____
Name:
Title:

RR INVESTORS, LLC

By: /s/ Edward T. Harvey, Jr.

Edward T. Harvey, Jr.
President

RR INVESTORS II, LLC

By: /s/ Edward T. Harvey, Jr.

Edward T. Harvey, Jr.
President

MICHAEL J. SNYDER

_____
Michael J. Snyder

THE STEPHEN SNYDER
INTERVIVOS TRUST

_____
Stephen S. Snyder, as trustee of The Stephen S. Snyder Intervivos Trust

THE LOUISE A. SNYDER
INTERVIVOS TRUST

_____
Louise A. Snyder, as trustee of The Louise A. Snyder Intervivos Trust

MICHAEL E. WOODS

_____
Michael E. Woods

ROBERT MERULLO

_____
Robert Merullo

RR INVESTORS II, LLC

By:_____
Edward T. Harvey, Jr.
President

MICHAEL J. SNYDER

/s/ Michael J. Snyder

Michael J. Snyder

THE STEPHEN SNYDER
INTERVIVOS TRUST

_____
Stephen S. Snyder, as trustee of The Stephen S. Snyder Intervivos Trust

THE LOUISE A. SNYDER
INTERVIVOS TRUST

_____
Louise A. Snyder, as trustee of The Louise A. Snyder Intervivos Trust

MICHAEL E. WOODS

_____
Michael E. Woods

ROBERT MERULLO

_____
Robert Merullo

SHAMROCK INVESTMENT COMPANY

S-2

RR INVESTORS II, LLC

By:_____
Edward T. Harvey, Jr.
President

MICHAEL J. SNYDER

_____
Michael J. Snyder

THE STEPHEN SNYDER
INTERVIVOS TRUST

/s/ Stephen S. Snyder

Stephen S. Snyder, as trustee of The Stephen S. Snyder Intervivos Trust

THE LOUISE A. SNYDER
INTERVIVOS TRUST

/s/ Louise A. Snyder

Louise A. Snyder, as trustee of The Louise A. Snyder Intervivos Trust

MICHAEL E. WOODS

_____
Michael E. Woods

ROBERT MERULLO

_____
Robert Merullo

SHAMROCK INVESTMENT COMPANY

S-2

RR INVESTORS II, LLC

By:_____
Edward T. Harvey, Jr.
President

MICHAEL J. SNYDER

_____
Michael J. Snyder

THE STEPHEN SNYDER
INTERVIVOS TRUST

_____
Stephen S. Snyder, as trustee of The Stephen S. Snyder Intervivos Trust

THE LOUISE A. SNYDER
INTERVIVOS TRUST

_____
Louise A. Snyder, as trustee of The Louise A. Snyder Intervivos Trust

MICHAEL E. WOODS

/s/ Michael E. Woods

Michael E. Woods

ROBERT MERULLO

/s/ Robert Merullo

Robert Merullo

SHAMROCK INVESTMENT COMPANY

S-2

/s/ George D. Hansen

Name:
Title:

GEORGE D. HANSEN

/s/ George D. Hansen

George D. Hansen

DEBORAH HANSEN

/s/ Deborah Hansen

Deborah Hansen

BEVERLY C. BROWN

/s/ Beverly C. Brown

Beverly C. Brown

L.V. BROWN, JR.

/s/ George D. Hansen for L.V. Brown, Jr.

LV. Brown, Jr.

GERALD R. KINGEN

_____
Gerald R. Kingen

S-3

_____
Name:
Title:

GEORGE D. HANSEN

_____
George D. Hansen

DEBORAH HANSEN

_____
Deborah Hansen

BEVERLY C. BROWN

_____
Beverly C. Brown

L.V. BROWN, JR.

_____
LV. Brown, Jr.

GERALD R. KINGEN

/s/ Gerald R. Kingen

Gerald R. Kingen

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Schedule A

Skylark Holders

Skylark Company, Ltd.
Kiwamu Yokokawa
Gaishoku System Kenkyujo Company, Ltd.
Hibari Guam Corporation

Schedule B

Snyder Group

Michael J. Snyder
Stephen S. Snyder Intervivos Trust
Louise A. Snyder Intervivos Trust
Michael E. Woods
Robert Merullo
Shamrock Investment Company, a Washington general partnership
George D. Hansen
Deborah Hansen
Beverly C. Brown
L.V. Brown, Jr.

Schedule C

Existing Shareholders

Gerald R. Kingen

Exhibit 10.8

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REGISTRATION RIGHTS AGREEMENT

AMONG

RED ROBIN INTERNATIONAL, INC.

AND

CERTAIN HOLDERS OF ITS COMMON SHARES

Dated as of May 11, 2000

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REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT is made as of May 11, 2000, among RED ROBIN INTERNATIONAL, INC., a Nevada corporation, the Persons, including SKYLARK COMPANY, LTD., a Japan corporation ("Skylark"), listed in Schedule A (collectively the "Skylark Holders"), RR INVESTORS, LLC, a Virginia limited liability company ("Investors I"), RR INVESTORS II, LLC, a Virginia limited

liability company ("Investors II, and together with Investors I, "Investors"), each of the Persons listed in Schedule B hereto (the "Other Shareholders") and each of the Persons listed in Schedule C hereto (the "Snyder Group"). The parties hereof, other than the Company, are collectively referred to as the "Shareholders" and individually as a "Shareholder."

The Shareholders are holders of shares of common stock, $0.001 par value (the "Common Shares") of the Company.

In consideration of the parties entering into the agreements and carrying out the transactions herein described, and for other good and valuable consideration, the parties agree as follows:

1. Definitions. As used herein, unless the context otherwise requires, the following terms have the following respective meanings:

"Affiliate" of any Person means any other Person directly or indirectly controlling (including all directors and officers of such Person) or controlled by or under direct or indirect common control with such Person. For the purposes of this definition, "control" when used with respect to any Person, means (i) with respect to any Person having voting shares or their equivalent and elected directors, managers or Persons performing similar functions, the possession, directly or indirectly, of the power to vote 10% or more of the shares or their equivalent having ordinary voting power of such Person or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting shares or their equivalent, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Commission" means the Securities and Exchange Commission or any other United States agency at the time administering the Securities Act.

"Common Shares" has the meaning set forth in the Recitals.

"Exchange Act" means the Securities Exchange Act of 1934, or any similar United States statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"Executive" means an individual who is an employee of the Company or any of its subsidiaries.

"Executive Stock Options" means the options to purchase Common Shares awarded to Option Executives pursuant to the Stock Option Plans.

"Initial Public Offering" means the first Public Offering under which Common Shares are sold to the public.

"Long-Form Registration" means registration under the Securities Act (hereinafter defined) on Form S-1 or similar long form adopted by the Commission for registration of securities under the Securities Act.

"Option Executives" shall have the meaning provided in the Stock Option Plans.

"Person" means an individual, a partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization and a government or any department or agency thereof.

"Public Offering" means any primary or secondary public offering of Common Shares pursuant to an effective registration statement under the Securities Act other than a registration statement on a form registering the types of transactions generally eligible for registration on Form S-4 or S-8 or any successor or similar form.

"Public Sale" means any Public Offering or any sale of Common Shares to the public pursuant to Rule 144 effected through a broker or dealer.

"Quad-C Holders" means Investors and any Person who is the transferee of Investors of Registrable Securities in compliance with the Shareholders Agreement other than in a Public Sale.

"Registrable Securities" means any outstanding Common Shares issued to any Shareholder, including, without limitation, (i) any Common Shares issued upon the exercise by the Option Executives of Executive Stock Options and (ii) any securities issued or issuable with respect to any such Common Shares by way of stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization or otherwise. As to any particular Registrable Securities, once issued such securities shall cease to be Registrable Securities when (i) a registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been distributed in accordance with such registration statement, (ii) they have been distributed to the public

pursuant to Rule 144 (or any successor provision) under the Securities Act, (iii) they shall have been otherwise transferred and subsequent disposition of them shall not require registration or qualification of them under the Securities Act or any similar state law then in force or (iv) they shall have ceased to be outstanding.

"Registration Expenses" means all expenses incident to the Company's performance of or compliance with Section 2, including, without limitation, (i) all registration, filing and NASD fees, (ii) all fees and expenses of complying with securities or blue sky laws, (iii) all word processing, duplicating and printing expenses, (iv) messenger and delivery expenses, (v) the fees and disbursements of counsel for the Company and of its independent public accountants, including the expenses of any special audits or "cold comfort" letters

required by or incident to such performance and compliance; (vi) the reasonable fees and disbursements for one counsel chosen by the holders of a majority of the Registrable Securities initially requesting registration; (vii) premiums and other costs of policies of insurance against liabilities arising out of the public offering of the Registrable Securities being registered (if the Company elects to obtain any such insurance), and (viii) any fees and disbursements of underwriters customarily paid by issuers or sellers of securities, but excluding underwriting discounts and commissions and transfer taxes, if any.

"Requesting Holder" means, in respect of any registration pursuant to Section 2 hereof, any holder of Registrable Securities who gives notice to the Company of its request to include Registrable Securities in such registration.

"Rule 144" means Rule 144 promulgated by the Commission under the Securities Act as such rule may be amended from time to time, or any similar rule then in force.

"Securities Act" means the Securities Act of 1933, or any similar United States statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"Shareholders Agreement" means the Shareholders Agreement entered into among the Company and its holders of Common Shares dated as of the date hereof, as amended from time to time.

"Skylark Holders" means the Persons listed in Schedule A hereto.

"Snyder Group" means the Persons listed in Schedule C hereto.

"Stock Option Plans" means the Company's Employee Stock Option Plan, 1990, Employee Stock Option Plan, 1996 and the 2000 Management Performance Common Stock Option Plan pursuant to which options to purchase common equity membership interests in the Company may be awarded to certain employees of the Company and its Subsidiaries and any other stock option plans approved by the Board of Directors of the Company after the date of this Agreement.

2. Registration under Securities Act.

(a) Registration on Request.

(i) Request. If (A) at any time after the earlier of (x) the

Initial Public Offering or (y) April 30, 2005, the Quad-C Holders or the Skylark Holders, as the case may be, hold in excess of ten (10%) percent of the outstanding Common Shares and the Quad-C Holders or the Skylark Holders, as the case may be, request in writing that the Company effect the registration under the Securities Act of a specified number of the Registrable Securities held by the Quad-C Holders or the Skylark Holders, as the case may be, and specifying the intended method of disposition thereof, or (B) at any time after April 30, 2005, the Company has not effected the Initial Public Offering, Snyder is not the Chief Executive Officer of the Company and the Snyder Group and their Related Transferees continue to hold in excess of ten (10%) percent of the outstanding Common

Shares and Snyder requests in writing that the Company effect the registration of the Initial Public Offering under the Securities Act of a specified number of the Registrable Securities held by the Snyder Group, and specifying the intended method of disposition thereof, the Company will promptly give written notice of such requested registration to all registered holders of Registrable Securities, and thereupon the Company, in accordance with the provisions of Section 2(c) hereof, will use its best efforts to effect the registration under the Securities Act of:

(A) the Registrable Securities held by the Quad-C Holders or the

Skylark Holders, as the case may be, which the Company has been so requested to register for disposition in accordance with the intended method or methods of disposition stated in such request, and

(B) all other Registrable Securities which the Company has been requested to register by the Requesting Holders by written request given to the Company within 20 days after the giving of such written notice by the Company,

all to the extent requisite to permit the disposition (in accordance with the intended methods thereof as aforesaid) of Registrable Securities so to be registered; provided that the Company shall not be required (x) to effect a Long-Form Registration under this Section 2(a) unless the anticipated gross proceeds of the offering of all Registrable Securities to be included therein is at least $10,000,000, (y) to effect more than two Long-Form Registrations at the request of each of the Quad-C Holders and the Skylark Holders; provided that no Long-Form Registration will count as a Long-Form Registration unless the Quad-C Holders or the Skylark Holders, as the case may be, are able to register and sell at least 80% of the Registrable Securities requested to be included therein by either the Quad-C Holders or the Skylark Holders, as the case may be, or (z) to effect a Long-Form Registration under this Section 2(a) prior to the date that is six months after the effective date of the Company's most recent registration statement; provided that in the event the registration requested by the Quad-C Holders or the Skylark Holders pursuant to this Section 2(a)(i) is the Initial Public Offering, or in the event of the registration requested by Snyder pursuant to this Section 2(a)(i), the provisions of Section 4 of the Shareholders Agreement shall be complied with and, to the extent such provisions are in conflict with the provisions of this Agreement, such provisions shall control and the Quad-C Holders, the Skylark Holders or Snyder, as the case may be, shall have the rights and obligations of the "Compelling Holder" thereunder.

(ii) Effective Registration Statement. A registration requested pursuant to this Section 2(a) shall not be deemed to be effected (A) if a registration statement with respect thereto shall not have become effective, (B) if, after it has become effective, such registration is interfered with for any reason by any stop order, injunction or other order or requirement of the Commission or any other governmental agency or any court, and the result of such interference is to prevent the holders of Registrable Securities to be sold thereunder from disposing thereof in accordance with the intended methods of disposition, or (C) if the conditions to closing specified in the purchase agreement or underwriting agreement entered into in connection with any underwritten registration shall not be satisfied or waived with the consent of the holders of Registrable

Securities that were to have been sold thereunder, other than as a result of any breach by any holder of its obligations thereunder or hereunder.

(iii) Registration Statement Form. Registrations under this Section 2(a) shall be on such appropriate registration form of the Commission as shall be selected by the Quad-C Holders and as shall permit the disposition of the Registrable Securities so to be registered in accordance with the intended method or methods of disposition specified in the request of the holders of Registrable Securities being registered for such registration. The Company agrees to include in any such registration statement all information which the holders of Registrable Securities being registered shall reasonably request.

(iv) Expenses. The Company will pay all Registration Expenses in connection with any registration requested pursuant to this Section 2(a). To the extent expenses of the registration are not required to be paid by the Company, each holder of securities included in the registration will pay those expenses allocable to the registration of such holder's securities, and any expenses not so allocable will be borne by all sellers of securities included in the registration in proportion to the aggregate selling price of the securities to be so registered.

(v) Selection of Underwriters. If a requested registration pursuant to this Section 2(a) involves an underwritten offering, the managing underwriter or underwriters shall be selected by the Quad-C Holders (which managing underwrites shall be nationally recognized) subject

to the approval of the Company's Board of Directors which shall not be unreasonably withheld or delayed.

(vi) Priority in Requested Registrations. If a requested registration pursuant to this Section 2(a) involves an underwritten offering, and the managing underwriter shall advise the Company in writing (with a copy to each Requesting Holder) that, in its opinion, the number of securities requested to be included in such registration by the Quad-C Holders, the Skylark Holders and the Requesting Holders exceeds the number which can be sold in an orderly manner in such offering within a price range acceptable to the Quad-C Holders or the Skylark Holders, as the case may be, the Company will include in such registration to the extent of the number which the Company is so advised can be sold in such offering (A) first, Registrable Securities requested to be included in such registration by the Quad-C Holders or the Skylark Holders, as the case may be and (B) second, Registrable Securities requested to be included in such registration by the Requesting Holders; pro rata among such holders on the basis of the number of Registrable Securities requested to be so registered; provided that Executives shall not have any right to include Registrable Securities in the registration constituting the Initial Public Offering unless recommended by the Board of Directors of the Company and approved by the underwriters. Notwithstanding anything herein to the contrary, the Company will not include in any registration pursuant to this Section 2(a) any securities which are not Registrable Securities without the consent of Investors.

(vii) Other Registration Rights. The Company will not grant any Person the right to request the Company to register any equity or similar securities of the Company, or any securities convertible or exchangeable into or exercisable for such securities to the extent such rights conflict with, or are adverse to, the rights of the holders of Registrable Securities without the consent of Investors and the holders (including Investors) of at least two-thirds of the Registrable Securities.

(b) Incidental Registration.

(i) Right to Include Registrable Securities. If the Company at any time proposes to register any of its securities under the Securities Act (other than by a registration on Form S-4 or S-8 or any successor or similar forms filed in connection with an exchange offer, or any offering of securities solely to the Company's existing security holders, and other than pursuant to Section 2(a)), whether or not for sale for its own account, the Company will at each such time give prompt confidential written notice to all holders of Registrable Securities of its intention to do so and of such holders' rights under this Section 2(b). Upon the written request of any holder of Registrable Securities made within 20 days after the receipt of any such notice (which request shall specify the Registrable Securities intended to be disposed of by such holder and the intended method of disposition thereof), the Company will, subject to the provisions of paragraph (iii) of this Section 2(b), use its best efforts to effect the registration under the Securities Act of all Registrable Securities which the Company has been so requested to register by the holders thereof, to the extent requisite to permit the disposition (in accordance with the intended methods thereof as aforesaid) of the Registrable Securities so to be registered.

(ii) Expenses. The Company will pay all Registration Expenses in connection with each registration of Registrable Securities requested pursuant to this Section 2(b) including, without limitation, any such registration not effected by the Company. To the extent expenses of the registration are not required to be paid by the Company, each holder of securities included in the registration will pay those expenses allocable to the registration of such holder's securities, and any expenses not so allocable will be borne by all sellers of securities included in the registration in proportion to the aggregate selling price of the securities to be so registered.

(iii) Priority in Incidental Registrations. If a registration pursuant to this Section 2(b) involves an underwritten offering, and the managing underwriter shall advise the Company in writing, that, in its opinion, the number of securities requested and otherwise proposed to be included in such registration exceeds the number which can be sold in an orderly manner in such offering within a price range acceptable to the Company, or that the kind of securities requested or otherwise proposed to be included in such registration statement would materially and adversely affect the success of such offering, the Company will include in such

registration, to the extent of the number which the Company is so advised can be sold in such offering, (A) if the registration is a primary registration on behalf of the Company, (1) first, the securities proposed to be registered by the Company, (2) second, Registrable Securities requested to be included in such registration pro rata in accordance with the number of securities requested to be included by the Requesting Holders; and (3) third, securities of other Persons, if any,

requested to be included in such registration pro rata in accordance with the numbers of other securities proposed to be registered by the other Persons or otherwise allocated among such other Persons in such proportion as such holders and the Company shall agree, and (B) if the registration is a secondary registration on behalf of other Persons, the Registrable Securities and securities of other Persons included in such registration pro rata in accordance with the numbers of Registrable Securities requested to be included by the Requesting Holders and the numbers of other securities proposed to be registered by the other Persons; provided in each
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such case that Executives shall not have any right to include Registrable Securities in the registration constituting the Initial Public Offering unless recommended by the Board of Directors of the Company and approved by the underwriters. In the event a contemplated distribution does not involve an underwritten public offering, the determinations contemplated by this Section 2(b) shall be made by the Company's Board of Directors.

(c) Registration Procedures. Whenever the holders of Registrable Securities have requested that Registrable Securities be registered pursuant to this Agreement, the Company will use its best efforts to effect the registration and sale of such Registrable Securities in accordance with the intended method of disposition, and pursuant thereto the Company will as expeditiously as possible:

(i) prepare and file with the Commission the requisite registration statement to effect such registration and thereafter use its best efforts to cause such registration statement to become effective; provided, that before filing such registration statement or any amendments
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thereto, the Company will furnish to the Requesting Holders copies of all such documents proposed to be filed and will promptly notify such Requesting Holders of the receipt by the Company of any written comments by the Commission with respect to such registration statement;

(ii) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement continuously effective for a period of either (A) not more than 180 days or, if such registration statement relates to an underwritten offering, such longer period as in the opinion of counsel for the underwriters a prospectus is required by law to be delivered in connection with sales of Registrable Securities by an underwriter or dealer or (B) such shorter period as will terminate when all of the securities covered by such registration statement have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement (but in any event not before the expiration of any longer period required under the Securities Act), and to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement until such time as all of such securities have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement;

(iii) furnish to each Requesting Holder such number of conformed copies of such registration statement and of each such amendments and supplements thereto (in each case including all exhibits, but only one copy thereof to each such

Requesting Holder), such number of copies of the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and such other documents in order to facilitate the disposition of the Registrable Securities owned by such Requesting Holder, as such Requesting Holder may reasonably request;

(iv) use its best efforts to register or qualify such Registrable Securities and other securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions as each seller thereof shall reasonably request, to keep such registration or qualification in effect for so long as such registration statement remains

in effect, and to take any other action which may be reasonably necessary or advisable to enable such seller to consummate the disposition in such jurisdictions of the securities owned by such seller; provided, that the Company shall not for any such purpose be required to (A) qualify generally to do business as a foreign corporation in any jurisdiction where it would not otherwise be required to qualify but for the requirements of this clause (iv), (B) consent to general service of process in any such jurisdiction or (C) subject itself to taxation in such jurisdiction;

(v) use its best efforts to cause such Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the sellers thereof to consummate the disposition of such Registrable Securities, and cooperate and assist with any filings to be made with the NASD;

(vi) promptly notify each seller of Registrable Securities, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, upon discovery that, or upon the discovery of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, and at the request of any such seller promptly prepare and furnish to such seller a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made;

(vii) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months beginning with the first day of the Company's first full calendar quarter after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 promulgated thereunder;

(viii) provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by such registration statement from and after a date not later than the effective date of such registration statement;

(ix) cause all such Registrable Securities covered by such registration statement to be listed on each national securities exchange on which similar securities of the Company are then listed and, if such Registrable Securities are not already so listed, to be listed on the Nasqaq National Market System ("National Market"), use its best efforts to secure designation of all such Registrable Securities covered by such Registration Statement as a "Nasdaq National Market System Security" within the meaning of Rule 11Aa2-1 under the Exchange Act or failing that, to secure Nasdaq Market authorization for such Registrable Securities and. Without limiting the generality of the foregoing, to arrange for at least two market makers to register as such with respect to such Registrable Securities with the NASD;

(x) enter into such customary agreements (including underwriting agreements in customary form) and take all such other actions as the holders of a majority of the Registrable Securities being sold or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities (including, without limitation, effecting a split or a combination of stock or units);

(xi) make available for inspection by any seller of Registrable Securities, any underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other agent retained by any such seller or underwriter, all financial and other records, pertinent corporate documents and properties of the Company, and cause the Company's officers, directors, employees and independent accountants to supply all information and participate in due diligence sessions reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such registration statement;

(xii) in the event of the issuance of any stop order suspending the effectiveness of a registration statement, or of any order suspending or preventing the use of any related prospectus or suspending the qualification of any common stock included in such registration statement for sale in any jurisdiction, the Company will use its best efforts

promptly to obtain the withdrawal of such order;

(xiii) obtain one or more "cold comfort" letters, dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, dated the date of the closing under the underwriting agreement), signed by the Company's independent public accountants in customary form and covering such matters of the type customarily covered by "cold comfort" letters as the holders of a majority of the Registrable Securities being sold reasonably request;

(xiv) provide a legal opinion of the Company's outside counsel, dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, dated the date of the closing under the underwriting agreement), with respect to the registration statement, each amendment and supplement

thereto, the prospectus included therein (including the preliminary prospectus) and such other documents relating thereto in customary form and covering such matters of the type customarily covered by legal opinions of such nature; and

(xv) use its best efforts to cause its officers to support the marketing of the Registrable Securities being sold (including, without limitation, their participation in "road shows" as may be reasonably requested by the underwriters administering the offering and sale of such Registrable Securities) to the extent reasonably possible taking into account such officers' responsibilities to manage the Company's business.

The Company may require each seller of Registrable Securities as to which any registration is being effected to furnish the Company such information regarding such seller and the distribution of such securities as the Company may from time to time reasonably request in writing. If any such registration or comparable statement refers to any holder by name or otherwise as the holder of any securities of the Company and if in such holder's sole and exclusive judgment, such holder is or might be deemed to be an underwriter or a controlling person of the Company, such holder shall have the right to require (i) the insertion therein of language, in form and substance satisfactory to such holder and presented to the Company in writing, to the effect that the holding by such holder of such securities is not to be construed as a recommendation by such holder of the investment quality of the Company's securities covered thereby and that such holding does not imply that such holder will assist in meeting any future financial requirements of the Company, or (ii) in the event that such reference to such holder by name or otherwise is not required by the Securities Act or any similar federal statute then in force, the deletion of the reference to such holder; provided that with respect to this
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clause (ii) such holder shall furnish to the Company an opinion of counsel to such effect, which opinion and counsel shall be reasonably satisfactory to the Company.

Each holder of Registrable Securities agrees that upon receipt of any notice from the Company of the happening of any event of the kind described in clause (vi) of this Section 2(c), such holder will forthwith discontinue such holder's disposition of Registrable Securities pursuant to the registration statement relating to such Registrable Securities until such holder's receipt of the copies of the supplemented or amended prospectus contemplated by clause (vi) of this Section 2(c) and, if so directed by the Company, such holder will use its best efforts to deliver to the Company all copies, other than permanent file copies then in such holder's possession, of the prospectus relating to such Registrable Securities current at the time of receipt of such notice.

(d) Underwritten Offerings.

(i) Requested Underwritten Offerings. If requested by the
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underwriters for any underwritten offering of Registrable Securities pursuant to a registration requested under Section 2(a), the Company will enter into an underwriting agreement with such underwriters for such offering. Such agreement shall be reasonably satisfactory in substance and form to the holders of a majority of the Registrable Securities included in such registration and the underwriters and shall contain such representations and warranties by the Company and by the selling shareholders and such

other terms as are generally prevailing in agreements of this type, including, without limitation, indemnities to the effect and to the extent provided in Section 2(f).

(ii) Incidental Underwritten Offerings. If the Company at any time

proposes to register any of its securities under the Securities Act as contemplated by Section 2(b) and such securities are to be distributed by or through one or more underwriters, (A) the managing underwriter or underwriters shall be selected by the Company, and (B) the Company will, if requested by any holder of Registrable Securities as provided in Section 2(b), and subject to the provisions of Section 2(b)(ii), use its best efforts to arrange for such underwriters to include all the Registrable Securities to be offered and sold by such holder among the securities to be distributed by such underwriters.

(e) Holdback Agreements.

(i) Each holder of Registrable Securities agrees for the benefit of the Company not to effect any sale or distribution of any equity securities of the Company, or any securities convertible into or exchangeable or exercisable for such securities, including a sale pursuant to Rule 144 under the Securities Act (or any similar provision then in force), during the seven days before and the 180 days after any underwritten registration pursuant to Section 2(a) or 2(b) has become effective, except as part of such underwritten registration.

(ii) The Company agrees (A) without the consent of the managing underwriter not to effect any public sale or distribution of its equity securities or securities convertible into or exchangeable or exercisable for any of such securities during the seven days before and the 180 days after any underwritten registration pursuant to Section 2(a) or 2(b) has become effective, except as part of such underwritten registration and except pursuant to registrations on Form S-4 or S-8, or any successor or similar forms thereto or pursuant to an unregistered offering to employees of the Company or its Subsidiaries pursuant to an employee benefit plan as defined in Rule 405 of Regulation C under the Securities Act, and (B) to use its reasonable best efforts to cause each holder of at least two percent of its Common Shares (on a fully-diluted basis) or any securities convertible into or exchangeable or exercisable for any of its Common Shares, whether outstanding on the date of this Agreement or issued at any time after the date of this Agreement (other than any such securities acquired in a public offering including any distribution to the public pursuant to Rule 144), to agree not to effect any such public sale or distribution of such securities during such period, except as part of any such registration if permitted, unless the underwriters managing such underwritten registration otherwise agree.

(f) Indemnification.

(i) Indemnification by the Company. In the event of any registration of any securities of the Company under the Securities Act pursuant to this Section 2, the Company will, and hereby does, indemnify and hold harmless, the seller of any Registrable Securities covered by such registration statement, its directors, officers,

agents and employees, each other Person who participates as an underwriter in the offering or sale of such securities and each other Person, if any, who controls such seller or any such underwriter within the meaning of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which such seller or any such director, officer, agent, employee, underwriter or controlling person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon (A) any untrue statement or alleged untrue statement of any material fact contained (x) in any registration statement under which such securities were registered under the Securities Act, any preliminary prospectus, final prospectus or summary prospectus contained therein or used in connection with the offering of securities covered thereby, or any amendment or supplement thereto or any document included by reference therein, or (y) in any application or other document or communication (in this Section 2(f) collectively called an "application") executed by or on behalf of the Company or based upon written information furnished by or on behalf of the Company filed in any jurisdiction in order to qualify any securities covered by such registration statement under the "blue sky" or securities laws thereof, or (B) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Company will reimburse such seller and each such director, officer, agent, employee, underwriter and controlling person for any legal or any other expenses incurred by them in connection with investigating or defending any such loss, claim, liability, action or proceeding; provided, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon an

untrue statement or alleged untrue statement, or omission or alleged omission, made in such registration statement, any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement, or in any application, in reliance upon and in conformity with written information prepared and furnished to the Company by such seller specifically for use in the preparation thereof which information contained any untrue statement of any material fact or omitted to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; and provided further, that the Company
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shall not be liable to any Person who participates as an underwriter in any such registration or any other Person who controls such underwriter within the meaning of the Securities Act, in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of such Person's failure to send or give a copy of the final prospectus, as the same may be then supplemented or amended (provided it has been made available to such Person in accordance with the terms hereof), to the Person asserting an untrue statement or alleged untrue statement or omission or alleged omission at or prior to the written confirmation of the sale of the securities to such Person if such statement or omission was corrected in such final prospectus. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such seller or any such director, officer, agent, employee, underwriter or controlling Person and shall survive the transfer of such securities by such seller. The Company shall not be obligated to pay the fees and expenses of more than one counsel or firm of counsel for all parties indemnified in respect of a claim for each jurisdiction in which such counsel is required

unless in the reasonable judgment of such counsel a conflict of interest may exist between such indemnified party and any other indemnified party in respect of such claim.

(ii) Indemnification by the Sellers. The Company may require, as
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a condition to including any Registrable Securities in any registration statement filed pursuant to this Section 2, that the Company shall have received an undertaking satisfactory to it from the prospective seller of such securities, to indemnify and hold harmless (in the same manner and to the same extent as set forth in clause (i) of this Section 2(f)) the Company, each director of the Company, each officer of the Company and each other Person, if any, who controls the Company within the meaning of the Securities Act, with respect to any statement or alleged statement in or omission or alleged omission from such registration statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, or any application, if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with written information prepared and furnished to the Company by such seller specifically for use in the preparation of such registration statement, preliminary prospectus, final prospectus, summary prospectus, amendment or supplement, or such application, which information contained any untrue statement of any material fact or omitted to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading. Such indemnity shall remain in full force and effect, regardless of any investigation made by or on behalf of the Company or any such director, officer or controlling Person and shall survive the transfer of such securities by such seller. The indemnity provided by each seller of securities under this Section 2(f)(ii) shall be provided severally, and not jointly or jointly and severally with any other seller or prospective seller of securities, and shall be limited in amount to the net amount of proceeds received by such seller from the sale of Registrable Securities pursuant to such registration statement.

(iii) Notices of Claims, etc. Promptly after receipt by an
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indemnified party of notice of the commencement of any action or proceeding involving a claim referred to in the preceding subdivisions of this Section 2(f), such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the latter of the commencement of such action; provided, that the failure of any
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indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under the preceding subdivisions of this Section 2(f), except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, the indemnifying party shall be entitled to participate in and to assume the defense thereof, jointly with any other indemnifying party similarly notified to the extent that it may wish, with counsel reasonably satisfactory to such

indemnified party. No indemnifying party shall, without the consent of the indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

(iv) Other Indemnification. Indemnification similar to that specified in the preceding subdivisions of this Section 2(f) (with appropriate and reasonable modifications) shall be given by the Company and each seller of Registrable Securities with respect to any required registration or other qualification of securities under any federal, state or provincial law or regulation of any governmental authority, other than the Securities Act.

(v) Indemnification Payments. The indemnification required by this Section 2(f) shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or expense, loss, damage or liability is incurred, subject to refund if the party receiving such payments is subsequently found not to have been entitled thereto hereunder.

(vi) Contribution. In order to provide for just and equitable contribution in circumstances under which the indemnity contemplated by this Section 2(f) is for any reason not available, the parties required to indemnify by the terms hereof shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by such indemnity agreement incurred by the Company, any seller of Registrable Securities and one or more of the underwriters, except to the extent that contribution is not permitted under Section 11(f) of the Securities Act. In determining the amounts which the respective parties shall contribute, there shall be considered the relative benefits received by each party from the offering of the Registrable Securities (taking into account the portion of the proceeds of the offering realized by each), the parties' relative knowledge and access to information concerning the matter with respect to which the claim was asserted, the opportunity to correct and prevent any statement or omission and any other equitable considerations appropriate under the circumstances. The Company and each Person selling securities agree with each other that no seller of Registrable Securities shall be required to contribute any amount in excess of the amount such seller would have been required to pay to an indemnified party if the indemnities under clauses (i) and (ii) of this Section 2(f) were available. The Company and each such seller agree with each other and the underwriters of the Registrable Securities, if requested by such underwriters, that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation (even if the underwriters were treated as one entity for such purpose) or for the underwriters' portion of such contribution to exceed the percentage that the underwriting discount bears to the initial public offering price of the Registrable Securities. For purposes of this clause (vi), each Person, if any, who controls an underwriter within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as such underwriter, and each director and each officer of the Company who signed the registration statement, and each Person, if any, who controls the Company or a seller of Registrable Securities within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as the Company or a seller of Registrable Securities, as the case may be.

(g) Participation in Underwritten Registrations. No Person may participate in any underwritten registration hereunder unless (i) such Person agrees to sell such Person's securities on the basis provided in any underwriting arrangements reasonably approved

by the Person or Persons entitled hereunder to approve such arrangements (including, without limitation, pursuant to the terms of any over-allotment option requested by the managing underwriters; provided that no holder of
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Registrable securities will be required to sell more than the number of Registrable Securities that such holder has requested the Company to include in such registration) and (ii) completes and executes all customary questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under such underwriting arrangements; provided that no holder of
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Registrable Securities included in any underwritten registration will be required to make any representations or warranties to the Company or the underwriters (other than representations and warranties regarding such holder

and such holder's intended method of distribution) or to undertake any indemnification or contribution obligations to the Company or the underwriters with respect thereto, except as otherwise provided in Section 2(f).

3. Rule 144. If the Company shall have filed a registration statement which has become effective pursuant to Section 12 of the Exchange Act or a registration statement which has become effective pursuant to the Securities Act, the Company will use its best efforts to file the reports required to be filed by it under the Exchange Act and the rules and regulations adopted by the Commission thereunder (or, if the Company is not required to file such reports, will, upon the request of the Quad-C Holders or any other holder of more than five percent of the Registrable Securities make publicly available other information) and will take such further action as the Quad-C Holders or such other holders may reasonably request, all to the extent required from time to time to enable such holders to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (i) Rule 144 under the Securities Act, as such Rule may be amended from time to time, or (ii) any similar rule or regulation hereafter adopted by the Commission.

4. Amendments and Waivers. This Agreement may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company shall have obtained the written consent to such amendment, action or omission to act of the holders of at least a majority of all Registrable Securities at the time outstanding; provided, that any amendment to this Agreement that materially adversely affects
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the rights of any holder of Registrable Securities shall also require the approval of the affected holder; provided further that this Agreement may be
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amended by the Company and the holders of a majority of the Registrable Securities to add as parties hereto Persons who in the future become holders of Registrable Securities as permitted by the terms of the Shareholders Agreement.

5. Notices. All communications provided for hereunder shall be in writing and shall be delivered personally or by facsimile or telex or sent by first-class mail and addressed to such Shareholder at the address that such Shareholder shall have furnished to the Company in writing, and if to the Company, to:

Red Robin International, Inc.
5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
Attention: Michael J. Snyder
and John W. Grant
Facsimile: 303-846-6073

with a copy to:

O'Melveny & Myers LLP
610 Newport Center Drive, 17/th/ Floor
Newport Beach, California 92660
Attention: Thomas J. Leary
Facsimile: 949-823-6994

6. Binding Agreement. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns. In addition, and whether or not any express assignment shall have been made, the provisions of this Agreement which are for the benefit of the holders of Registrable Securities as such shall be for the benefit of and enforceable by any subsequent holder of any Registrable Securities who acquires such shares in compliance with the applicable provisions of the Shareholders Agreement, subject to the provisions respecting the minimum numbers or percentages of shares of Registrable Securities required in order to be entitled to certain rights, or take certain actions, contained herein.

7. Nominees for Beneficial Owners. In the event that Registrable Securities are held by a nominee for the beneficial owner thereof, the beneficial owner thereof may, at its option and by written notice to the Company, be treated as the holder of such Registrable Securities for purposes of any request or other action by any holder or holders of Registrable Securities pursuant to this Agreement (or any determination of any percentage of Registrable Securities held by any holder or holders of Registrable Securities contemplated by this Agreement).

8. Descriptive Headings. The descriptive headings of the several sections and paragraphs of this Agreement are inserted for reference only and shall not limit or otherwise affect the meaning hereof.

9. Specific Performance. The parties hereto recognize and agree that money damages may be insufficient to compensate the holders of any Registrable Securities for breaches by the Company of the terms hereof and, consequently,

that the equitable remedy of specific performance of the terms hereof will be available in the event of any such breach.

10. Governing Laws. All questions concerning the construction, validity and interpretation of this agreement will be construed and enforced in accordance with, and the rights of the parties shall be governed by, the internal laws, and not the law of conflicts, of the State of Colorado.

11. Third Party Beneficiaries. Each of the parties hereto acknowledges and agrees that any Person who is a holder of Registrable Securities as defined herein and who is not a party hereto shall have the rights granted to holders of Registrable securities as intended hereby and for the purposes of exercising such rights shall be a third party beneficiary hereof and entitled to enforce such rights whether or not such Person or such Person's transferor is then a party to this Agreement.

12. Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

13. Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be in any way impaired thereby, it being intended that all of the rights and privileges of the holders of Registrable Securities shall be enforceable to the fullest extent permitted by law.

14. Entire Agreement. This Agreement is intended by the parties hereto as a final expression of their agreement and intended to be a complete and exclusive statement of their agreement and understanding in respect to the subject matter contained herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Registration Rights Agreement on the day and year first above written.

RED ROBIN INTERNATIONAL, INC.

By: /s/ M. J. Snyder

Michael J. Snyder
President

SKYLARK COMPANY, LTD.

By:_____

KIWANU YOKAWA

By:_____

GAISHOKU SYSTEM KENKYUJO
COMPANY, LTD.

By:_____

HIBARI GUAM

By:_____

RR INVESTORS, LLC

By:_____
Edward T. Harvey, Jr.
President

IN WITNESS WHEREOF, the parties hereto have executed this Registration Rights Agreement on the day and year first above written.

RED ROBIN INTERNATIONAL, INC.

By:_____
Michael J. Snyder
President

SKYLARK COMPANY, LTD.

By: /s/ T. Chino

Tasuku Chino

KIWANU YOKAWA

By:_____

GAISHOKU SYSTEM KENKYUJO COMPANY, LTD.

By:_____

HIBARI GUAM

By:_____

RR INVESTORS, LLC

By:_____
Edward T. Harvey, Jr.
President

S-1

IN WITNESS WHEREOF, the parties hereto have executed this Registration Rights Agreement on the day and year first above written.

RED ROBIN INTERNATIONAL, INC.

By:_____
Michael J. Snyder
President

SKYLARK COMPANY, LTD.

By:_____

KIWANU YOKAWA

By:/s/ Kiwanu Yokoawa

GAISHOKU SYSTEM KENKYUJO COMPANY, LTD.

By:_____

HIBARI GUAM

By:_____

RR INVESTORS, LLC

By:_____
Edward T. Harvey, Jr.
President

IN WITNESS WHEREOF, the parties hereto have executed this Registration Rights Agreement on the day and year first above written.

RED ROBIN INTERNATIONAL, INC.

By:_____
Michael J. Snyder
President

SKYLARK COMPANY, LTD.

By:_____

KIWANU YOKAWA

By:_____

GAISHOKU SYSTEM KENKYUJO
COMPANY, LTD.

By:/s/ T. Yokokawa

Tadashi Yokokawa

HIBARI GUAM

By:_____

RR INVESTORS, LLC

By:_____
Edward T. Harvey, Jr.
President

IN WITNESS WHEREOF, the parties hereto have executed this Registration Rights Agreement on the day and year first above written.

RED ROBIN INTERNATIONAL, INC.

By:_____
Michael J. Snyder
President

SKYLARK COMPANY, LTD.

By:_____

KIWANU YOKAWA

By:_____

GAISHOKU SYSTEM KENKYUJO
COMPANY, LTD.

By:_____

HIBARI GUAM

By:/s/ T. Niibori

Tadashi Niibori

RR INVESTORS, LLC

By:_____
Edward T. Harvey, Jr.
President

IN WITNESS WHEREOF, the parties hereto have executed this Registration Rights Agreement on the day and year first above written.

RED ROBIN INTERNATIONAL, INC.

By:_____
Michael J. Snyder
President

SKYLARK COMPANY, LTD.

By:_____

KIWANU YOKAWA

By:_____

GAISHOKU SYSTEM KENKYUJO
COMPANY, LTD.

By:_____

HIBARI GUAM

By:_____

RR INVESTORS, LLC

By: /s/ Edward T. Harvey, Jr.

Edward T. Harvey, Jr.
President

RR INVESTORS II, LLC

By: /s/ Edward T. Harvey, Jr.

Edward T. Harvey, Jr.
President

MICHAEL J. SNYDER

_____
Michael J. Snyder

THE STEPHEN SNYDER
INTERVIVOS TRUST

_____
The Stephen S. Snyder
Intervivos Trust

THE LOUISE A. SNYDER
INTERVIVOS TRUST

_____
The Louise A. Snyder
Intervivos Trust

MICHAEL E. WOODS

_____
Michael E. Woods

RR INVESTORS II, LLC

By:_____
Edward T. Harvey, Jr.
President

MICHAEL J. SNYDER

/s/ Michael J. Snyder

Michael J. Snyder

THE STEPHEN SNYDER
INTERVIVOS TRUST

_____
The Stephen S. Snyder
Intervivos Trust

THE LOUISE A. SNYDER
INTERVIVOS TRUST

_____
The Louise A. Snyder
Intervivos Trust

MICHAEL E. WOODS

_____
Michael E. Woods

RR INVESTORS II, LLC

By:_____
Edward T. Harvey, Jr.
President

MICHAEL J. SNYDER

_____
Michael J. Snyder

THE STEPHEN SNYDER
INTERVIVOS TRUST

/s/ Stephen S. Snyder

The Stephen S. Snyder
Intervivos Trust, by Stephen S. Snyder,
Trustee

THE LOUISE A. SNYDER
INTERVIVOS TRUST

_____
The Louise A. Snyder

Intervivos Trust

MICHAEL E. WOODS

_____
Michael E. Woods

RR INVESTORS II, LLC

By:_____
Edward T. Harvey, Jr.
President

MICHAEL J. SNYDER

_____
Michael J. Snyder

THE STEPHEN SNYDER
INTERVIVOS TRUST

_____
The Stephen S. Snyder
Intervivos Trust

THE LOUISE A. SNYDER
INTERVIVOS TRUST

/s/ Louise A. Snyder

The Louise A. Snyder
Intervivos Trust, by Louise A. Snyder,
Turstee

MICHAEL E. WOODS

_____
Michael E. Woods

RR INVESTORS II, LLC

By:_____
Edward T. Harvey, Jr.
President

MICHAEL J. SNYDER

_____
Michael J. Snyder

THE STEPHEN SNYDER
INTERVIVOS TRUST

_____
The Stephen S. Snyder
Intervivos Trust

THE LOUISE A. SNYDER
INTERVIVOS TRUST

_____
The Louise A. Snyder
Intervivos Trust

MICHAEL E. WOODS

/s/ Michael E. Woods

Michael E. Woods

ROBERT MERULLO

/s/ Robert Merullo

Robert Merullo

SHAMROCK INVESTMENT COMPANY

_____
Shamrock Investment Company

GEORGE D. HANSEN

_____
George D. Hansen

DEBORAH HANSEN

_____
Deborah Hansen

BEVERLY C. BROWN

_____
Beverly C. Brown

L.V. BROWN, JR.

_____
LV. Brown, Jr.

GERRY KINGEN

_____
Gerry Kingen

ROBERT MERULLO

_____
Robert Merullo

SHAMROCK INVESTMENT COMPANY

/S/ George D. Hansen, C.O.O.

Shamrock Investment Company

GEORGE D. HANSEN

_____
George D. Hansen

DEBORAH HANSEN

_____
Deborah Hansen

BEVERLY C. BROWN

_____
Beverly C. Brown

L.V. BROWN, JR.

_____
LV. Brown, Jr.

GERRY KINGEN

_____
Gerry Kingen

ROBERT MERULLO

_____
Robert Merullo

SHAMROCK INVESTMENT COMPANY

_____
Shamrock Investment Company

GEORGE D. HANSEN

/s/ George D. Hansen

George D. Hansen

DEBORAH HANSEN

_____
Deborah Hansen

BEVERLY C. BROWN

_____
Beverly C. Brown

L.V. BROWN, JR.

_____
LV. Brown, Jr.

GERRY KINGEN

_____
Gerry Kingen

ROBERT MERULLO

_____
Robert Merullo

SHAMROCK INVESTMENT COMPANY

_____
Shamrock Investment Company

GEORGE D. HANSEN

_____
George D. Hansen

DEBORAH HANSEN

/s/ Deborah A. Hansen

Deborah Hansen

BEVERLY C. BROWN

_____
Beverly C. Brown

L.V. BROWN, JR.

_____
LV. Brown, Jr.

GERRY KINGEN

_____
Gerry Kingen

ROBERT MERULLO

_____
Robert Merullo

SHAMROCK INVESTMENT COMPANY

_____
Shamrock Investment Company

GEORGE D. HANSEN

_____
George D. Hansen

DEBORAH HANSEN

_____
Deborah Hansen

BEVERLY C. BROWN

/s/ Beverly C. Brown

Beverly C. Brown

L.V. BROWN, JR.

_____
LV. Brown, Jr.

GERRY KINGEN

_____
Gerry Kingen

ROBERT MERULLO

_____
Robert Merullo

SHAMROCK INVESTMENT COMPANY

_____
Shamrock Investment Company

GEORGE D. HANSEN

_____
George D. Hansen

DEBORAH HANSEN

_____
Deborah Hansen

BEVERLY C. BROWN

_____
Beverly C. Brown

L.V. BROWN, JR.

/s/ LV. Brown, Jr.

LV. Brown, Jr.

GERRY KINGEN

_____
Gerry Kingen

ROBERT MERULLO

_____
Robert Merullo

SHAMROCK INVESTMENT COMPANY

_____
Shamrock Investment Company

GEORGE D. HANSEN

_____
George D. Hansen

DEBORAH HANSEN

_____
Deborah Hansen

BEVERLY C. BROWN

_____
Beverly C. Brown

L.V. BROWN, JR.

_____
LV. Brown, Jr.

GERRY KINGEN

/s/ Gerry Kingen

Gerry Kingen

Schedule A

Skylark Holders

Skylark Company, Ltd.
Kiwanu Yokawa
Gaishoku System Kenkyujo Company, Ltd.
Hibari Guam Corporation

Schedule B

Other Shareholders

Gerald R. Kingen

Schedule C

Snyder Group

Michael J. Snyder
Stephen S. Snyder Intervivos Trust
Louise A. Snyder Intervivos Trust
Michael E. Woods
Robert Merullo
Shamrock Investment Company, a Washington general partnership
George D. Hansen
Deborah Hansen
Beverly C. Brown
L. V. Brown, Jr.

Exhibit 10.9

FIRST AMENDMENT
TO
REGISTRATION RIGHTS AGREEMENT

This First Amendment to Registration Rights Agreement (this "Amendment") is entered into as of August 9, 2001, by and among Red Robin Gourmet Burgers, Inc., a Delaware corporation ("RRGB"), Red Robin International, Inc., a Nevada corporation ("RRI"), the Persons, including Skylark Company, Ltd., a Japan corporation ("Skylark"), listed in Schedule A hereto, RR Investors, LLC, a Virginia limited liability company ("Investors I"), RR Investors II, LLC, a Virginia limited liability company ("Investors II"), each of the Persons listed in Schedule B hereto (the "Other Shareholders"), and each of the Persons listed in Schedule C hereto (the "Snyder Group Shareholders"). The parties hereto, other than RRGB, are collectively referred to herein as the "Shareholders" and individually as a "Shareholder."

R E C I T A L S

A. Pursuant to that certain Registration Rights Agreement, dated as of May 11, 2000, by and among RRI and the Shareholders, RRI granted certain registration and other rights with respect to the common stock, $0.001 par value per share, of RRI (the "Common Stock") owned by the Shareholders;

B. On January 23, 2001, RRI, RRGB and Red Robin Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of RRGB ("RRMS"), entered into a Merger Agreement (the "Merger Agreement") to provide for a corporate reorganization of RRI whereby RRMS would be merged with and into RRI (the "Merger"), with (a) RRI continuing as the surviving corporation of such merger, and (b) each outstanding share (or any fraction thereof) of the Common Stock being converted in such merger into a like number of shares of the common stock of RRGB, par value $0.001 per share;

C. Concurrently with the consummation of the Merger in accordance with the terms of the Merger Agreement, the parties hereto desire to enter into this Amendment in order to provide that RRGB will replace RRI as a party to the Registration Rights Agreement and will accept and assume all of the rights and obligations of RRI set forth in the Registration Rights Agreement;

NOW, THEREFORE, taking into account the foregoing recitals, and in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Joinder. RRGB hereby agrees (i) to replace RRI as a party to the Registration Rights Agreement with the same force and effect as if it had been an original signatory thereto, and (ii) to accept and assume all of the rights and obligations of RRI set forth in the Registration Rights Agreement.

2. Amendment to Registration Rights Agreement. The Registration Rights Agreement is amended by deleting each reference to "Red Robin International, Inc." and inserting "Red Robin Gourmet Burgers, Inc." in its place, and by deleting each reference to "the Company" and inserting "the Holding Company" in its place.

3. Ratification of Registration Rights Agreement.

(a) Except as specifically amended by this Amendment, the Registration Rights Agreement shall remain in full force and effect and the Shareholders hereby reaffirm all of the provisions of the Registration Rights Agreement as amended by this Amendment.

(b) On and after the date hereof, each reference in the Registration Rights Agreement to "this Agreement", "hereunder", "hereof", "herein", or words of similar import referring to the Registration Rights Agreement, and each reference in any other document to the Registration Rights Agreement, "thereunder", "thereof", or words of similar import referring to the Registration Rights Agreement, will mean and be a reference to the Registration Rights Agreement, as amended by this Amendment.

4. Governing Law. The validity, meaning and effect of this Amendment shall be determined in accordance with the laws of the State of Colorado applicable to contracts made and to be performed in that state.

5. Further Assurances. The parties hereto agree to execute such other documents and perform such other acts as may be necessary or desirable to carry out the purposes of this Amendment.

6. Counterparts. This Amendment may be executed in counterparts, each of which when so executed and delivered shall be deemed to be an original for all purposes, but all such counterparts shall constitute but one in the same

instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned parties have caused this Amendment to be duly executed and delivered as of the date set forth above.

RRGB:

RED ROBIN GOURMET BURGERS, INC.,
a Delaware corporation

By: /s/ Michael J. Snyder

Name:
Title

RRI:

RED ROBIN INTERNATIONAL, INC.,
a Nevada corporation

By: /s/ Michael J. Snyder

Name:
Title:

SHAREHOLDERS:

SKYLARK COMPANY, LTD.

By:_____
Name:
Title:

GAISHOKU SYSTEM KENKYUJO
COMPANY, LTD.

By:_____
Name:
Title:

IN WITNESS WHEREOF, the undersigned parties have caused this Amendment to be duly executed and delivered as of the date set forth above.

RRGB:

RED ROBIN GOURMET BURGERS, INC.,
a Delaware corporation

By:_____
Name:
Title

RRI:

RED ROBIN INTERNATIONAL, INC.,

a Nevada corporation

By:_____
Name:
Title:

SHAREHOLDERS:

SKYLARK COMPANY, LTD.

By: /s/ Yasutaka Ito

Name: Yasutaka Ito
Title: President

GAISHOKU SYSTEM KENKYUJO
COMPANY, LTD.

By: /s/ Tadashi Yokokawa

Name: Tadashi Yokokawa
Title: President

HIBARI GUAM CORPORATION

By: /s/ M. Yamashita

Name: Masataka Yamashita
Title: President

RR INVESTORS, LLC

By:_____
Edward T. Harvey, Jr.
President

RR INVESTORS II, LLC

By:_____
Edward T. Harvey, Jr.
President

KIWAMU YOKOKAWA

/s/ Kiwamu Yokokawa

Kiwamu Yokokawa

MICHAEL J. SNYDER

_____
Michael J. Snyder

THE STEPHEN SNYDER
INTERVIVOS TRUST

_____
Stephen S. Snyder, as trustee of the
Stephen S. Snyder Intervivos Trust

HIBARI GUAM CORPORATION

By:_____
Name:
Title:

RR INVESTORS, LLC

By:_____
Edward T. Harvey, Jr.
President

RR INVESTORS II, LLC

By:_____
Edward T. Harvey, Jr.
President

KIWAMU YOKOKAWA

_____
Kiwamu Yokokawa

MICHAEL J. SNYDER

/s/ Michael J. Snyder

Michael J. Snyder

THE STEPHEN SNYDER
INTERVIVOS TRUST

_____
Stephen S. Snyder, as trustee of the
Stephen S. Snyder Intervivos Trust

HIBARI GUAM CORPORATION

By:_____
Name:
Title:

RR INVESTORS, LLC

By:/s/ Edward T. Harvey

Edward T. Harvey, Jr.
President

RR INVESTORS II, LLC

By:/s/ Edward T. Harvey

Edward T. Harvey, Jr.
President

KIWAMU YOKOKAWA

_____
Kiwamu Yokokawa

MICHAEL J. SNYDER

_____
Michael J. Snyder

THE STEPHEN SNYDER
INTERVIVOS TRUST

_____
Stephen S. Snyder, as trustee of the
Stephen S. Snyder Intervivos Trust

HIBARI GUAM CORPORATION

By:_____
Name:
Title:

RR INVESTORS, LLC

By:_____
Edward T. Harvey, Jr.
President

RR INVESTORS II, LLC

By:_____

Edward T. Harvey, Jr.
President

KIWAMU YOKOKAWA

_____
Kiwamu Yokokawa

MICHAEL J. SNYDER

_____
Michael J. Snyder

THE STEPHEN SNYDER
INTERVIVOS TRUST

/s/ Stephen S. Snyder

Stephen S. Snyder, as trustee of the
Stephen S. Snyder Intervivos Trust

THE LOUISE A. SNYDER
INTERVIVOS TRUST

/s/ Louise A. Snyder

Louise A. Snyder, as trustee of The Louise A.
Snyder Intervivos Trust

MICHAEL E. WOODS

_____
Michael E. Woods

ROBERT MERULLO

_____
Robert Merullo

SHAMROCK INVESTMENT COMPANY

_____
Name:
Title:

GEORGE D. HANSEN

_____
George D. Hansen

DEBORAH HANSEN

_____
Deborah Hansen

THE LOUISE A. SNYDER
INTERVIVOS TRUST

_____
Louise A. Snyder, as trustee of The Louise A.
Snyder Intervivos Trust

MICHAEL E. WOODS

/s/ Michael E. Woods

Michael E. Woods

ROBERT MERULLO

/s/ Robert Merullo

Robert Merullo

SHAMROCK INVESTMENT COMPANY

_____
Name:
Title:

GEORGE D. HANSEN

_____
George D. Hansen

DEBORAH HANSEN

_____
Deborah Hansen

THE LOUISE A. SNYDER
INTERVIVOS TRUST

_____
Louise A. Snyder, as trustee of The Louise A. Snyder Intervivos Trust

MICHAEL E. WOODS

_____
Michael E. Woods

ROBERT MERULLO

_____
Robert Merullo

SHAMROCK INVESTMENT COMPANY

/s/ George D. Hansen

Name:
Title:

GEORGE D. HANSEN

/s/ George D. Hansen

George D. Hansen

DEBORAH HANSEN

/s/ Deborah Hansen

Deborah Hansen

THE LOUISE A. SNYDER
INTERVIVOS TRUST

_____
Louise A. Snyder, as trustee of The Louise A. Snyder Intervivos Trust

MICHAEL E. WOODS

_____
Michael E. Woods

ROBERT MERULLO

_____
Robert Merullo

SHAMROCK INVESTMENT COMPANY

/s/ George D. Hansen

Name:
Title:

GEORGE D. HANSEN

/s/ George D. Hansen

George D. Hansen

DEBORAH HANSEN

/s/ Deborah Hansen

Deborah Hansen

BEVERLY C. BROWN

/s/ Beverly C. Brown

Beverly C. Brown

L.V. BROWN, JR.

/s/ George D. Hansen for L.V. Brown, Jr.

LV. Brown, Jr.

GERALD KINGEN

_____
Gerald R. Kingen

BEVERLY C. BROWN

_____
Beverly C. Brown

L.V. BROWN, JR.

_____
LV. Brown, Jr.

GERALD KINGEN

/s/ Gerald R. Kingen

Gerald R. Kingen

Schedule A
Skylark Holders

Skylark Co., Ltd.
Kiwamu Yokokawa
Gaishoku System Kenkyujo Company, Ltd.
Hibari Guam Corporation

Schedule B
Other Shareholders

Gerald R. Kingen

Schedule C
Snyder Group Shareholders

Michael J. Snyder
Stephen S. Snyder Intervivos Trust
Louise A. Snyder Intervivos Trust
Michael E. Woods
Robert Merullo
Shamrock Investment Company, a Washington general partnership
George D. Hansen
Deborah Hansen
Beverly C. Brown
L.V. Brown, Jr.

EXHIBIT 10.10

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") is made as of the 11th day of May, 2000, by and between RED ROBIN INTERNATIONAL, INC., a Nevada corporation (the "Company"), and MICHAEL J. SNYDER (the "Executive").

The Company has, simultaneously with the execution and delivery of this Agreement entered into (i) an Agreement and Plan of Merger dated as of February 18, 2000 (the "Merger Agreement") pursuant to which it will acquire all of the outstanding common stock of the Snyder Group Company, a Delaware corporation (the "Acquisition") and (ii) a Stock Subscription Agreement dated as of February 18, 2000 (the "Subscription Agreement") pursuant to which it will issue to RR Investors, LLC and RR Investors II, LLC an aggregate of 12,500,000 for an aggregate consideration of $25,000,000 (the "Stock Issuance," and together with the Acquisition, the "Transaction");

The Board of Directors of the Company have determined that it will be in the best interests of the Company and its shareholders to retain the employment of the Executive as the Chairman, Chief Executive Officer and President of the Company after the Transaction and the Executive desires to serve in that capacity; and

The Company and the Executive desire to set forth in a written agreement the terms and conditions under which the Executive will continue to be employed by the Company after the Closing of the Transaction.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Employment Period. The Company shall employ the Executive, and the Executive agrees to, and shall, serve the Company, on the terms and conditions set forth in this Agreement, for the period commencing immediately after the Closing of the Transaction and ending on the fifth anniversary of such date (the "Employment Period"). The Employment Period will be automatically extended at the end of the initial term and on each one year anniversary thereafter for an additional one year unless, not less than 90 days before the end of such term, either the Company or the Executive gives written notice to the other that the Employment Period will not be extended, in which event the Employment Period shall end, and the Executive's employment hereunder shall terminate, upon the expiration of the then-current term.

2. Position and Duties.

(a) During the Employment Period, the Executive shall be the Chairman, Chief Executive Officer and President of the Company with such duties and responsibilities as are assigned to him by the Board of Directors of the Company (the "Board") consistent with his position as Chairman, Chief Executive Officer and President of the Company.

(b) During the Employment Period, and excluding any reasonable periods of vacation and sick leave to which the Executive is entitled, the Executive shall devote all of his skill, knowledge and working time to the business and affairs of the Company and shall perform his services primarily at the Company's headquarters, wherever the Board may from time to time designate them to be, but in any case, within a 50-mile radius of Denver,

Colorado, and to the extent necessary to discharge the responsibilities assigned to the Executive under this Agreement, use the Executive's best efforts to carry out such responsibilities faithfully and efficiently.

(c) In his position as Chairman, Chief Executive Officer and President, the Executive shall, subject to the "Authorization Limits" set forth in Exhibit A hereto, have full authority and responsibility to manage the operation of the Company's restaurants and franchise system, including the hiring and discharge of employees of the Company, closing, selling, developing and opening restaurants as contemplated by the annual business plan approved by the Board of Directors (the "Annual Plan"), establishing and administering the Company's marketing plan, making improvements in and refurbishing the Company's restaurants consistent with the capital expenditure budget in the Annual Plan, administering and managing the day-to-day operation of the restaurants, granting new franchises and administering and managing the franchise operations consistent with the Annual Plan; provided that without the approval of the Board of
----
Directors, the Executive shall not take any major action not contemplated by or consistent with the Annual Plan.

3. Compensation.

(a) Base Salary. During the Employment Period, the Executive shall receive from the Company an annual base salary ("Annual Base Salary") of $330,750, payable in accordance with the Company's normal payroll policy. The Executive's Annual Base Salary shall be subject to review annually by the Board.

(b) Annual Incentive Compensation. In addition to the Annual Base Salary, the Executive shall be entitled to participate in the Company's Annual Incentive Compensation Plan in accordance with terms thereof set forth in Exhibit B hereto.

(c) Other Benefits. During the Employment Period: (i) the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs of the Company to the same extent as other senior executive employees of the Company and (ii) the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in, and shall receive all benefits under, all welfare benefit plans, practices, policies and programs provided by the Company (including, to the extent provided, without limitation, medical, prescription, dental, disability, salary continuance, employee life insurance, group life insurance, accidental death and travel accident insurance plans and programs) to the same extent as other senior executive employees of the Company.

(d) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable travel and other expenses incurred by the Executive in carrying out the Executive's duties under this Agreement, provided that the Executive complies with the policies, practices and procedures of the Company for submission of expense reports, receipts, or similar documentation of the incurrence and purpose of such expenses. The Executive will be authorized to fly on charter or private aircraft for appropriate business use; personal use of charter or private aircraft will be for the Executive's personal account. Where a flight combines business and personal use, the

cost of such flight will be appropriately allocated between the two uses; provided that the stopover by the Executive in cities of residence which are substantially in the line of flight of the business purpose, will not be deemed personal use. Any disagreements on the allocation of flight costs will be reviewed and discussed with the Executive Committee.

(e) Options.

(i) Time Vested Options. Upon the Closing (as defined in the Merger Agreement) the Executive will be granted options to purchase 400,000 shares of the Company's common stock pursuant to the terms and conditions set forth in the option grant letter attached hereto as Exhibit C.

(ii) Performance Options. Upon the Closing (as defined in the Merger Agreement) the Executive will be granted options to purchase 1,100,000 shares of the Company's common stock pursuant to the terms and conditions set forth in the option grant letter attached hereto as Exhibit D.

(f) Loans. The Company will lend to the Executive from time to time during each of the first two years of the Employment Period up to $300,000 per year. The loans will be due on the fifth anniversary of the date hereof; provided the loans will be due on the Date of Termination of the Executive's employment by the Company for Cause or by the Executive other than for Substantial Breach; provided further that in the event the Executive's employment has not been terminated by the Company for Cause or by the Executive other than for Substantial Breach, the Company will extend the maturity date of the loans until the earlier of (i) sale of the Company and (ii) twelve months after the effective date of the initial public offering by the Company. Each loan will bear interest, compounded annually, at the rate per annum which is equal to the Applicable Federal Rate in effect on the date the loan is made; provided that in the event the Company achieves cumulative EBITDA for the 2000 and 2001 fiscal years of at least $46,983,000, all accrued interest will be forgiven and no additional

interest will accrue. The loans will be secured by a pledge to the Company of 300,000 Common Shares of the Company and will be subject to mandatory prepayment out of the after tax proceeds of any sale (other than a Permitted Transfer to a Related Transferee as defined in the Shareholders Agreement to which the Executive will become a party) by the Executive of any Common Shares of the Company.

4. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. The Company shall be entitled to terminate the Executive's employment because of the Executive's Disability during the Employment Period. A termination of the Executive's employment by the Company for Disability shall be communicated to the Executive by written notice, and shall be effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), unless the Executive returns to full-time performance of his duties in accordance with the provisions of Section 2 before the Disability Effective Date.

(b) Not Death or Disability. The Company may terminate the Executive's employment at any time during the Employment Period with or without cause. The Executive may terminate his employment at any time during the Employment Period.

(c) Date of Termination. The "Date of Termination" means the date of the Executive's death, the Disability Effective Date, or the date on which the termination of the Executive's employment by the Company, or by the Executive, is effective, as the case may be.

5. Obligations of the Company Upon Termination.

(a) By the Company, Other Than for Cause and other than by reason of Death or Disability; Termination by the Executive for Substantial Breach. If, during the Employment Period, (i) the Company terminates the Executive's employment other than for Cause or other than by reason of the Executive's death or Disability or (ii) the Executive terminates his employment for Substantial Breach, (A) the Company shall pay on a prorata basis at the time of normal payroll payments an amount equal to the Executive's Annual Base Salary as in effect immediately before the Date of Termination and the bonus that would have been paid pursuant to Section 3(b) hereof on the next bonus payment date immediately following the Date of Termination had the Executive continued to be employed on such date and (B) the Executive shall be eligible to continue to receive health benefits for himself and his wife and unemancipated children (provided that during any period when the Executive is eligible to receive such benefits under another employer-provided plan, the benefits provided by the Company under this clause (B) may be made secondary to those provided under such other plan), but not retirement or pension benefits, subject to standard employee contributions, in each case for one year after the Date of Termination. As a condition the Company's obligations (if any) to make severance payments pursuant to this Section 5(a), the Executive will execute and deliver a general release in form and substance satisfactory to the Company.

(b) Death or Disability. If the Executive's employment is terminated by reason of the Executive's death or Disability during the Employment Period, the Company shall (i) pay the Accrued Obligations, which shall equal the sum of (A) any portion of the Executive's Annual Base Salary through the Date of Termination that has not yet been paid; (B) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) that has not yet been paid; and (C) any accrued but unpaid vacation pay; to the Executive or the Executive's estate or legal representative, as applicable, in a lump sum in cash within 30 days after the Date of Termination and (ii) continue the benefits described in clause (ii) of Section 3(c) on the terms and conditions therein contained until the first anniversary of Executive's Date of Termination, and the Company shall have no further obligations under this Agreement. In addition, in the event the Executive's employment is terminated by reason of his death, the Executive's estate will have the right, by giving notice to the Company with 120 days after the date of the Executive's death, to require the Company to purchase from the Executive's estate such number of Common Shares of the Company having a fair market value not to exceed $5,000,000, which fair market value shall be determined by a nationally recognized

investment banking or appraisal firm selected by the Company and reasonably satisfactory to the Executive's estate.

(c) By the Company for Cause; By the Executive other than for Substantial Breach. If the Company terminates the Executive's employment for Cause, the Executive terminates his employment with the Company other than by reason of a Substantial Breach by the Company or either party gives notice to the other of non-extension of the term of the Employment Period pursuant to Section 1, the Company shall pay to the Executive in the same manner as if the Executive had not been terminated any portion of Executive's Annual Base Salary through the Date of Termination that has not yet been paid, and the Company shall have no further obligations to the Executive under this Agreement.

(d) Sole Remedy. The parties agree that the foregoing shall constitute the Executive's sole and exclusive rights and remedies by reason of termination pursuant to Section 5, and that with respect to Section 5(c), such amounts shall constitute an agreement between the parties of liquidated damages for the Executive by reason of any such termination. It is further understood that neither party hereto shall be entitled to punitive, consequential or special damages with respect to any claim hereunder, and each party waives all such rights and remedies if any.

6. Confidential Information. The Executive shall not disclose to any person or entity or use, any information not in the public domain, in any form, acquired by the Executive while he was employed or associated with the Company or, if acquired following the termination of such association, such information which, to the Executive's knowledge, has been acquired, directly or indirectly, from any person or entity owing a duty of confidentiality to the Company, relating to the Company or its business. The Executive agrees and acknowledges that all of such information, in any form, and copies and extracts thereof are and shall remain the sole and exclusive property of the Company, and the Executive shall on request return to the Company the originals and all copies of any such information provided to or acquired by the Executive in connection with his association with the Company, and shall return to the Company all files, correspondence and/or other communications received, maintained and/or originated by the Executive during the course of such association.

7. Covenant Not to Compete. The Executive agrees that, for the period commencing on the date hereof and ending on the second anniversary of the Date of Termination of Employment, including due to expiration of the Employment Period (the "Restrictive Period"), the Executive shall not, in the Territory (hereinafter defined), directly or indirectly, either for himself or for, with or through any other Person, own, manage, operate, control, be employed by, participate in, loan money to or be connected in any manner with, or permit his name to be used by, any business which is engaged in the casual dining restaurant business (a "Competitive Activity"). For purposes of this Agreement, the term "participate" includes any direct or indirect interest, whether as an officer, director, employee, partner, sole proprietor, trustee, beneficiary, agent, representative, independent contractor, consultant, advisor, provider of personal services, creditor, owner (other than by ownership of less than five percent of the stock of a publicly-held corporation whose stock is traded on a national securities exchange or in the NASD National Market (a "Public Company"); provided, that this Section 7 shall not prohibit the Executive from (i) owning a passive equity interest in an entity (including Mach Robin LLC, a Washington limited liability company,

subject to the non-competition covenants in the Area Development Agreements and Franchise Agreements with the Company) so long as such entity operates only restaurants operated as "Red Robin" restaurants pursuant to franchise agreements with the Company and (ii) so long as such activities do not adversely affect Executive's ability to devote his entire working effort as the Chairman, Chief Executive Officer and President of the Company so long as he is so employed, consulting with and giving advise to entities permitted by clause (i) of this proviso. Territory means North America and the territories of the United States in the Caribbean, including Puerto Rico.

8. No Interference. During the Restrictive Period, the Executive shall not, without the prior written approval of the Company, directly or indirectly through any other Person (i) induce or attempt to induce any employee of the Company at the level of assistant store manager or higher to leave the employ of the Company, or in any way interfere with the relationship between the Company and any employee thereof, (ii) hire any Person who was an employee of the Company at the level of assistant store manager or higher within twelve months after such Person's employment with the Company was terminated for any reason or (iii) induce or attempt to induce any supplier or other business relation of the

Company to cease doing business with the Company, or in any way interfere with the relationship between any such supplier or business relation and the Company.

9. Return of Documents. In the event of the termination of Executive's employment for any reason, Executive shall deliver to the Company all of (i) the property of each of the Company or any of its subsidiaries and (ii) non-personal documents and data of any nature and in whatever medium of the Company or any of its subsidiaries, and he shall not take with him any such property, documents or data or any reproduction thereof, or any documents containing or pertaining to any Confidential Information.

10. Reasonableness of Restrictions. The Executive agrees that the covenants set forth in Sections 6, 7 and 8 are reasonable with respect to their duration, geographical area and scope. In the event that any of the provisions of Sections 6, 7 or 8 relating to the geographic or temporal scope of the covenants contained therein or the nature of the business or activities restricted thereby shall be declared by a court of competent jurisdiction to exceed the maximum restrictiveness such court deems enforceable, such provision shall be deemed to be replaced herein by the maximum restriction deemed enforceable by such court.

11. Injunctive Relief. The parties hereto agree that the Company would suffer irreparable harm from a breach by the Executive of any of the covenants or agreements contained herein, for which there is no adequate remedy at law. Therefore, in the event of the actual or threatened breach by the Executive of any of the provisions of this Agreement, the Company, or their respective successors or assigns, may, in addition and supplementary to other rights and remedies existing in their favor, apply to any court of law or equity of competent jurisdiction for specific performance, injunctive or other relief in order to enforce compliance with, or prevent any violation of, the provisions hereof. and that, in the event of such a breach or threat thereof, the Company shall be entitled to obtain a temporary restraining order and/or a preliminary or permanent injunction restraining the Executive from engaging in activities prohibited hereby or such other relief as may be required to specifically enforce any of the covenants contained herein.

12. Extension of Restricted Periods. In addition to the remedies the Company may seek and obtain pursuant to this Agreement, the restricted periods set forth herein shall be extended by any and all periods during which the Executive shall be found by a court to have been in violation of the covenants contained herein.

13. Definitions. As used herein, unless the context otherwise requires, the following terms have the following respective meanings:

"Cause" means with respect to the termination by the Company of the Executive as an employee of the Company or a Subsidiary of the Company:

(i) continual or deliberate neglect by the Executive in the performance of his material duties;

(ii) failure by the Executive to devote substantially all of his working time to the business of the Company and its Subsidiaries;

(iii) the Executive's engaging willfully in misconduct in connection with the performance of any of his duties, including, without limitation, the misappropriation of funds or securing or attempting to secure personally any profit in connection with any transaction entered into on behalf of the Company or its Subsidiaries;

(iv) the Executive's willful failure to follow the lawful directives of the Board of Directors of the Company in any material respect, or violation, in a material respect, of any code or standard of behavior generally applicable to employees of the Company or its Subsidiaries;

(v) the Executive's breach of the material provisions of this Agreement or any other non-competition, non-interference, non-disclosure, confidentiality or other similar agreement executed by the Executive with the Company or any of its Subsidiaries or other active disloyalty to the Company or any of its Subsidiaries (including, without limitation, aiding a competitor or unauthorized disclosure of confidential information); or

(vi) the Executive's engaging in conduct which is reasonably likely to result in material injury to the reputation of the Company or any of its Subsidiaries, including, without limitation, commission of a felony, fraud, embezzlement or other crime involving moral turpitude;

provided that with respect to the events set forth in clauses (i), (ii), (iii) and (iv), the Executive shall have been given written notice of the act, omission or event constituting Cause and shall not have cured such act, omission

or event within 30 days after the giving of such notice.

"Disability" means permanent disability or permanent incapacity of the Executive as defined in the Company's disability insurance policy applicable to the Executive, or in the absence of such definition, as determined by the Board of Directors in good faith.

"EBITDA" has the meaning given to such term in Exhibit E.

"Substantial Breach" means with respect to the termination by the Executive of his employment by the Company or a Subsidiary of the Company:

(i) a reduction in the Executive's Annual Base Salary;

(ii) the demotion of the Executive from his positions as Chairman, Chief Executive Officer and President of the Company (except in connection with termination of the Executive for Cause, by reason of his death or Disability, or termination by the Executive of his employment other than as a result of a Substantial Breach); provided
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that neither the voluntary relinquishment by the Executive of one or more titles in connection with a change in management organization, nor the employment of a Chief Operating Officer or President who reports to the Executive shall be deemed demotion of the Executive from the foregoing positions; or

(iii) sale of the stock (other than pursuant to a public offering) or assets of the Company resulting in a Person who is not a Shareholder or affiliate or Permitted Transferee (as defined in the Shareholders Agreement among the Company and its Shareholders) of a Shareholder on the date hereof owning more than a majority of the outstanding shares of common stock of the Company and the acquiring Person or the Company does not assume or reaffirm its obligations to the Executive under this Agreement;

provided that in order to assert that a Substantial Breach has occurred, the
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Executive shall have given written notice to the Company within 30 days of the occurrence of such event setting forth in reasonable detail setting forth the circumstances claimed to give rise to the Substantial Breach and stating that he is terminating his employment with the Company and its Subsidiaries by reason of the occurrence thereof unless the Company shall have cured such events or circumstances to the reasonable satisfaction of the Executive within such 30-day period.

14. Choice of Law; Disputes; Resolution.

(a) All issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement and the exhibits and schedules hereto shall be governed by, and construed in accordance with, the laws of the State of Colorado, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Colorado or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Colorado. Resolution of any and all disputes arising from or in connection with this Agreement, whether based on contract, tort, or otherwise (collectively, "Disputes"), shall be exclusively governed by and settled in accordance with the provisions of this Section.

(b) The parties hereto shall use all reasonable efforts to settle all Disputes without resorting to arbitration. If any Dispute remains unsettled after 30 days' good faith effort to resolve the Dispute, a party hereto may commence proceedings hereunder by delivering a written notice from one to the other such party (the "Demand") providing

reasonable description of the Dispute to the others and expressly requesting arbitration hereunder, which arbitration shall be final, conclusive and binding upon the parties, their successors and assigns.

(c) The arbitration shall be conducted in Denver, Colorado by three arbitrators acting by majority vote (the "Panel") appointed pursuant to the commercial arbitration rules of the American Arbitration Association, as amended from time to time (the "AAA Rules"). If an arbitrator so selected becomes unable to serve, his or her successors shall be similarly selected or appointed. The arbitration shall be conducted pursuant to the AAA Rules. Notwithstanding the foregoing: (i) each party shall provide to the other, reasonably in advance of any hearing, copies of all documents which a party intends to present in such hearing; and (ii) each party shall be allowed to conduct reasonable discovery through written requests for information,

document requests, requests for stipulation of fact and depositions, the nature and extent of which discovery shall be determined by the parties; provided that if the parties cannot agree on the terms of such discovery, the nature and extent thereof shall be determined by the Panel which shall taken into account the needs of the parties and the desirability of making discovery expeditious and cost effective. The award shall be in writing and shall specify the factual and legal basis for the award. The parties hereto agree that monetary damages may be inadequate and that any party by whom this Agreement is enforceable shall be entitled to seek specific performance of the arbitrators' decision from a court of competent jurisdiction, in addition to any other appropriate relief or remedy; provided that no claimed or actual breach of any provision of this Agreement that survives the execution hereof shall be cause for rescission of this Agreement, the only remedies shall be claims for damages that were approximately caused by the breach, or specific performance. Any arbitration award shall be binding and enforceable against the parties hereto and judgment may be entered thereon in any court of competent jurisdiction.

15. Expenses. Each party will pay their own costs and expenses (including court costs, fees of arbitration proceedings, and reasonable attorneys' fees) incurred as a result of any claim, action or proceeding arising out of, or challenging the validity or enforceability of, this Agreement or any provision hereof.

16. Taxes. The Company may withhold from any payments made under this Agreement all federal, state, city or other applicable taxes as shall be required pursuant to any law, governmental regulation or ruling.

17. Entire Agreement. This Agreement, those documents expressly referred to herein and other documents of even date herewith (including the Non-Interference, Non-Disclosure and Non-Competition Agreement among the Company, the Executive and others) embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

18. Amendment and Waiver. The provisions of this Agreement may be amended or waived only with the prior written consent of the Board of Directors of the Company (or a person expressly authorized thereby) and the Executive, and no course of conduct or failure or delay in

enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

19. Miscellaneous.

(a) Binding Effect. This Agreement is intended to bind and inure to the benefit of and be enforceable by the Executive, the Company and their respective heirs, successors and assigns, except that the Executive may not assign his rights or delegate his obligations hereunder without the prior written consent of the Company.

(b) Notices. All notices required to be given hereunder shall be in writing and shall be deemed to have been given if (i) delivered personally or by documented courier or delivery service, (ii) transmitted by facsimile during normal business hours or (iii) mailed by registered or certified mail (return receipt requested and postage prepaid) to the following listed persons at the addresses and facsimile numbers specified below, or to such other persons, addresses or facsimile numbers as a party entitled to notice shall give, in the manner hereinabove described, to the others entitled to notice:

(i) If to the Company, to:

Red Robin International, Inc.
5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
Attention: Board of Directors
and John W. Grant
Facsimile No.: 303-846-6073

with a copy to:

O'Melveny & Myers LLP
610 Newport Center Drive, 17th Floor
Newport Beach, California 92660
Attention: Thomas J. Leary
Facsimile No.: 949-823-6994

(ii) If to the Executive, to:

Michael J. Snyder
Red Robin International, Inc.
5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
Facsimile No.: 303-846-6013

with a copy to:

Powers & Therrien, P.S.
3502 Tilton Drive
Yakima, Washington 98902
Attention: Keith Therrien
and Leslie Powers
Facsimile No.: 509-453-0745

If given personally or by documented courier or delivery service, or transmitted by facsimile, a notice shall be deemed to have been given when it is received. If given by mail, it shall be deemed to have been given on the third business day following the day on which it was posted.

(c) Survival. Sections 6 through 19, inclusive, and, if Executive's employment terminates in a manner giving rise to a payment under Section 5(a), Section 5(a), shall survive the termination of the employment of Executive hereunder.

(d) Headings. The section and other headings contained in this Agreement are for the convenience of the parties only and are not intended to be a part hereof or to affect the meaning or interpretation hereof.

(e) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

(f) No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction will be applied against any party.

20. Effectiveness. This Agreement shall become effective upon consummation of the Transaction. If the Merger Agreement or the Subscription Agreement is terminated in accordance with its terms, this Agreement shall automatically be deemed to have been terminated and shall thereafter be of no force or effect.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

RED ROBIN INTERNATIONAL, INC.

By: /s/ James P. McCloskey

James P. McCloskey
Chief Financial Officer

Michael J. Snyder

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

RED ROBIN INTERNATIONAL, INC.

By:

James P. McCloskey
Chief Financial Officer

/s/ Michael J. Snyder

Michael J. Snyder

List of Omitted Exhibits and Schedules

The following exhibits and schedules to the Employment Agreement have been omitted and shall be furnished supplementally to the Commission upon request:

Exhibit A	-	Authorization Limits
Exhibit B	-	Annual Incentive Compensation Plan Exhibit 1-Red Robin International and Subsidiaries Annual Incentive Compensation Plan for Key Management Management Group Participants
Exhibit C	-	Option Grant Letter (400,000 shares)
Exhibit D	-	Option Grant Letter (1,100,000 shares)
Schedule 1	-	Restaurants That May Be Closed

Exhibit 10.11

RED ROBIN INTERNATIONAL / MIKE WOODS
EMPLOYMENT AGREEMENT

Position: Vice President of Franchise Development
Responsible for:

1. Assisting existing franchisees in developing additional sites.

2. Developing new franchisees in both domestic and international markets.

3. Adding value to franchisor/franchisee relationship by providing tools and techniques to enable both parties to improve the profitability of their operations.

Salary: $125,000 per year, paid monthly, and subject to annual performance adjustments.

Bonus:

1. For the calendar year 1997, a bonus will be earned at the rate of 5% of Initial Franchise Fees, as paid. This bonus will be paid within 60 days of receipt of Initial Franchise Fees throughout the year.

2. In addition to the bonus earned in #1 for 1997, a discretionary bonus will be paid as determined by the President. Total potential will be $15,000. This bonus will be paid by February 15, 1998.

3. 1998 and beyond - bonus plan will be negotiated.

Stock Options: 125,000 incentive Stock Options will be granted at an exercise price of $2.00 per share and shall expire ten (10) years from the date the option is granted, or ninety (90) days from termination, whichever is earlier. Stock Option available for exercising shall be subject to a four-year vesting period, as defined in the plan.

Other Provisions: In the event that at least 50% of the Company's shares outstanding are transferred to new owners due to merger, sale or other consolidation, all vesting shall immediately accelerate to 100%.

Expenses: All reasonable business expenses provided for or reimbursed by RRI.

Severance: Year 1: If terminated without cause prior to the end of the first year, a six-month severance at the current base salary will be paid monthly.

Year 2 and beyond: If terminated without cause after the first year, severance at the then current base salary will be paid monthly for a term of one year.

Benefits: Participates in all benefit plans available to senior executives of RRI.

Other: RRI understands that Woods has an employment arrangement with The Snyder Group Co.

Signed and dated this 7 day of January 1997.

/s/ Mike Snyder
- ----------
Mike Snyder
President
Red Robin International

/s/ Mike Woods
- ----------
Mike Woods

EXHIBIT 10.12

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NON-INTERFERENCE, NON-DISCLOSURE AND
NON-COMPETITION AGREEMENT

AMONG

RR INVESTORS, LLC,

RR INVESTORS II, LLC

RED ROBIN INTERNATIONAL, INC.

AND

MICHAEL J. SNYDER

Dated as of May 11, 2000

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NON-INTERFERENCE, NON-DISCLOSURE AND
NON-COMPETITION AGREEMENT

THIS NON-INTERFERENCE, NON-DISCLOSURE AND NON-COMPETITION AGREEMENT is made and entered into this 11th day of May, 2000, among RR INVESTORS, LLC, a Virginia limited liability company ("Investors I"), RR INVESTORS II, LLC, a Virginia limited liability company ("Investors II, and together with Investors I, the "Buyer"), RED ROBIN INTERNATIONAL, INC., a Nevada corporation (the "Company") and MICHAEL J. SNYDER (the "Executive").

Buyer has agreed to acquire (the "Acquisition") newly issued shares of common stock of the Company pursuant to a certain Stock Subscription Agreement dated as of February 18, 2000, among Buyer and the Company (the "Subscription Agreement"). The execution and delivery of this Non-Interference, Non-Disclosure and Non-Competition Agreement is a condition to the closing of the Acquisition, and the Executive acknowledges that Buyer and its investors are relying on the covenants of the Executive contained herein in proceeding with the Acquisition.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

1. Confidentiality and Non-Competition. The Executive acknowledges that (i) the agreements and covenants contained herein are essential to protect the Company's business and assets and (ii) by virtue of his past association with the Company, the Executive has obtained such knowledge, know-how, training and experience and there is a substantial probability that such knowledge, know-how, training and experience could be used to the substantial advantage of a competitor of the Company and to the Company's substantial detriment. The Executive also acknowledges that Buyer has entered into the Subscription Agreement and will consummate the purchase contemplated thereby, and that investors have invested in Buyer, in reliance, in part, on the covenants made by the Executive herein.

2. Covenant Not to Compete. The Executive agrees that, for the period commencing on the date hereof and ending on the fifth anniversary after the date hereof (the "Restrictive Period"), the Executive shall not, in the Territory (hereinafter defined), directly or indirectly, either for himself or for, with or through any other Person, own, manage, operate, control, be employed by, participate in, loan money to or be connected in any manner with, or permit his name to be used by, any business which is engaged in the casual dining restaurant business (a "Competitive Activity"). For purposes of this Agreement, the term "participate" includes any direct or indirect interest, whether as an officer, director, employee, partner, sole proprietor, trustee, beneficiary, agent, representative, independent contractor, consultant, advisor, provider of personal services, creditor, owner (other than by ownership of less than five percent of the stock of a publicly-held corporation whose stock is traded on a national securities exchange or in the NASD National Market (a "Public Company"); provided, that this Section 7
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shall not prohibit the Executive from (i) owning a passive equity interest in an entity (including Mach Robin LLC, a Washington limited liability company, subject to the non-competition covenants in the Area Development Agreements and Franchise Agreements with the Company) so long as such entity operates only restaurants operated as "Red Robin" restaurants pursuant to franchise agreements with the Company and (ii) so long as such activities do not adversely affect Executive's ability to devote his entire working effort as the Chairman, Chief Executive Officer and President of the Company so long as he is so employed, consulting with and giving advise to entities permitted by clause (i) of this proviso. Territory means North America and the territories of the United States in the Caribbean, including Puerto Rico.

3. Nondisclosure of Confidential Information. The Executive shall not disclose to any person or entity or use, any information not in the public domain, in any form, acquired by the Executive while he was employed or associated with the Company or, if acquired following the termination of such association, such information which, to the Executive's knowledge, has been acquired, directly or indirectly, from any person or entity owing a duty of confidentiality to the Company, relating to the Company or its business. The Executive agrees and acknowledges that all of such information, in any form, and copies and extracts thereof are and shall remain the sole and exclusive property of the Company, and the Executive shall on request return to the Company the originals and all copies of any such information provided to or acquired by the Executive in connection with his association with the Company, and shall return to the Company all files, correspondence and/or other communications received, maintained and/or originated by the Executive during the course of such association.

4. No Interference. During the Restrictive Period, the Executive shall not, without the prior written approval of Buyer, directly or indirectly through any other Person (i) induce or attempt to induce any employee of the Company at the level of assistant store manager or higher to leave the employ of the Company, or in any way interfere with the relationship between the Company and any employee thereof, (ii) hire any Person who was an employee of the Company at the level of assistant store manager or higher within twelve months after such Person's employment with the Company was terminated for any reason or (iii) induce or attempt to induce any supplier or other business relation of the Company to cease doing business with the Company, or in any way interfere with the relationship between any such supplier or business relation and the Company.

5. Reasonableness of Restrictions. The Executive agrees that the covenants set forth in Sections 2, 3 and 4 are reasonable with respect to their duration, geographical area and scope. In the event that any of the provisions of Sections 2, 3 or 4 relating to the geographic or temporal scope of the covenants contained therein or the nature of the business or activities restricted thereby shall be declared by a court of competent jurisdiction or arbitral panel to exceed the maximum restrictiveness such court or arbitral panel deems enforceable, such provision shall be deemed to be replaced herein by the maximum restriction deemed enforceable by such court or arbitral panel.

6. Injunctive Relief. The parties hereto agree that Buyer and the Company would suffer irreparable harm from a breach by the Executive of any of the covenants or agreements

contained herein, for which there is no adequate remedy at law. Therefore, in the event of the actual or threatened breach by the Executive of any of the provisions of this Agreement, Buyer or the Company, or their respective successors or assigns, may, in addition and supplementary to other rights and remedies existing in their favor, apply to any court of law or equity of competent jurisdiction for specific performance, injunctive or other relief in order to enforce compliance with, or prevent any violation of, the provisions hereof, and that, in the event of such a breach or threat thereof, Buyer and the Company shall be entitled to obtain a temporary restraining order and/or a preliminary or permanent injunction restraining the Executive from engaging in activities prohibited hereby or such other relief as may be required to specifically enforce any of the covenants contained herein.

7. Extension of Restricted Periods. In addition to the remedies Buyer and the Company may seek and obtain pursuant to this Agreement, the restricted periods set forth herein shall be extended by any and all periods during which the Executive shall be found by a court to have been in violation of the covenants contained herein.

8. Successors; Binding Agreement. This Agreement shall inure to the benefit of Buyer, the Company and their Affiliates, successors and assigns, and shall be binding upon the Executive and his legal representatives and assigns. Buyer and the Company may assign or transfer their rights hereunder to any of their Affiliates or to a successor entity in the event of merger, consolidation, or transfer or sale of all or substantially all of the assets of the Company or of the Business or a part thereof.

9. Waiver and Modification. Any waiver, alteration or modification of any of the terms of this Agreement shall be valid only if made in writing and signed by the parties hereto; provided, that any such waiver, alteration or
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modification is consented to on the Company' behalf by the Board of Directors. No waiver by any of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

10. Severability. Whenever possible each provision and term of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited by or wholly invalid under such applicable law, then (i) such provision or term shall be ineffective only to the extent of such provision or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provision or term or the remaining provisions or terms of this Agreement and (ii) the invalid or unenforceable term or provision shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision.

11. Governing Law; Submission to Jurisdiction.

(a) THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF COLORADO, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICT OF LAW THEREOF.

(b) EACH OF THE PARTIES HERETO CONSENTS AND AGREES TO THE JURISDICTION OF ANY PROVINCIAL OR FEDERAL COURT SITTING IN THE CITY OR COUNTY OF DENVER, COLORADO, AND WAIVES ANY OBJECTION BASED ON VENUE OR FORUM NON CONVENIENS WITH RESPECT TO ANY ACTION INSTITUTED THEREIN.

12. Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed effective and given upon actual delivery if presented personally, one business day after the date sent if sent by prepaid telegram, overnight courier service, telex, or by facsimile transmission or five business days after the date sent if sent by certified or registered mail, postage prepaid, return receipt requested, which shall be addressed:

In the case of the Company, to:

Red Robin International, Inc.
5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
Attention: John W. Grant
Facsimile No.: 303-846-6073

with a copy to:

O'Melveny & Myers LLP

610 Newport Center Drive, 17th Floor
Newport Beach, California 92660
Attention: Gary J. Singer
Facsimile No.: 949-823-6994

In the case of Buyer, to:

RR Investors, LLC.
RR Investors II, LLC
c/o Quad-C, Inc.
230 East High Street
Charlottesville, Virginia 22902
Attention: Edward T. Harvey, Jr.
Telecopier: (804-979-1145

and to:

McGuire, Woods, Battle & Boothe LLP
One James Center
Richmond, Virginia 23219
Attention: Leslie A. Grandis
Telecopier: 804-775-1061

In the case of the Executive:

Michael J. Snyder
Red Robin International, Inc.
5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
Facsimile No.: 303-846-6013

with a copy to:

Powers & Therrien, P.S.
3502 Tilton Drive
Yakima, Washington 98902
Attention: Keith Therrien
and Leslie Powers
Facsimile No.: 509-453-0745

or, in each case, to such other address as may be designated in writing by any such party.

13. Captions and Section Headings. Captions and section headings herein are for convenience only, are not a part hereof and shall not be used in construing this Agreement.

14. Entire Agreement. This Agreement, constitutes the entire understanding and agreement of the parties hereto regarding the subject matter hereof.

15. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

16. No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction will be applied against any party.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

RR INVESTORS, LLC
By its manager
Quad-C Management, Inc.

By: /s/ Edward T. Harvey, Jr.

Edward T. Harvey, Jr.
Vice President

RR INVESTORS II, LLC
By its manager
Quad-C Management, Inc.

By: /s/ Edward T. Harvey, Jr.

Edward T. Harvey, Jr.
Vice President

RED ROBIN INTERNATIONAL, INC.

By:

James P.McCloskey
Chief Financial Officer

Michael J. Snyder

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

RR INVESTORS, LLC
By its manager
Quad-C Management, Inc.

By:

Edward T. Harvey, Jr.
Vice President

RR INVESTORS II, LLC
By its manager
Quad-C Management, Inc.

By:

Edward T. Harvey, Jr.
Vice President

RED ROBIN INTERNATIONAL, INC.

By: /s/James P.McCloskey

James P.McCloskey
Chief Financial Officer

Michael J. Snyder

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

RR INVESTORS, LLC
By its manager
Quad-C Management, Inc.

By:

Edward T. Harvey, Jr.
Vice President

RR INVESTORS II, LLC
By its manager
Quad-C Management, Inc.

By:

Edward T. Harvey, Jr.

Vice President

RED ROBIN INTERNATIONAL, INC.

By:

James P.McCloskey
Chief Financial Officer

/s/ Michael J. Snyder

Michael J. Snyder

EXHIBIT 10.13

CONSULTING SERVICES AGREEMENT

This Agreement is made as of May 11, 2000, between RED ROBIN INTERNATIONAL, INC., a Nevada corporation (the "Company") and QUAD-C MANAGEMENT, INC., a Delaware corporation (the "Consultant").

RECITALS

A. The Company is engaged in the business of the operation and franchising of the "Red Robin" casual restaurant dining business (the "Business").

B. Contemporaneously with the execution hereof investment funds and Affiliates of Consultant have acquired shares of common stock ("Common Shares") of the Company and have entered into a Shareholders Agreement dated as of the date hereof with the Company (the "Shareholders Agreement"). Capitalized terms used, but not defined, herein have the meaning given to such terms in the Shareholders Agreement.

C. Consultant has expertise in the management and operation of businesses.

NOW, THEREFORE, in consideration of the agreements set forth herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Retention as Consultant. The Company hereby retains Consultant to render certain consulting and advisory services to the Company and its subsidiaries and Consultant hereby agrees to perform the services described herein.

2. Term. The initial term of this Agreement shall be the period commencing on the date hereof and ending on the earlier of (i) the tenth anniversary of the date hereof, (ii) the date on which investment funds affiliated with Consultant and their Affiliates (and the Related Transferees of such investment funds and Affiliates) no longer own in the aggregate, directly or indirectly, at least such number of Common Shares of the Company equal to 50% of the Common Shares held by them on the date hereof (as such number is equitably adjusted to reflect stock splits, stock dividends, recaptializations and reclassifications) and (iii) the consummation of a Qualified Public Offering; provided that this Agreement may be terminated at any time by mutual agreement of the Company and the Consultant. After expiration of the initial term, this Agreement shall automatically renew for additional one-year periods unless it is terminated by either party by giving written notice of termination to the other party at least 10 days before the end of the initial term or 10 days before the end of each one-year renewal period, as the case may be.

3. Services. During the term hereof, Consultant shall consult with and advise the Company and its subsidiaries on matters relating to the Business, as may reasonably be requested from time to time by the Board of Directors of the Company, including, but not limited to, assistance in:

(i) support, negotiation and analysis of financing alternatives, including, without limitation, in connection with acquisitions, capital expenditures and refinancing of existing indebtedness;

(ii) identification, support, negotiation and analysis of acquisitions and dispositions;

(iii) finance functions, including assistance in the preparation of financial projections, and monitoring of compliance with financing agreements;

(iv) strategic planning functions, including evaluating major strategic alternatives; and

(v) providing persons to serve as directors of the Company and its subsidiaries.

4. Compensation.

(a) During the term of this Agreement, subject to the provisions of the Company's senior credit facility, the Company shall pay Consultant an aggregate of $200,000.00 per year (the "Consulting Services Fee"), payable in equal quarterly installments in arrears on the last business day of each quarter, prorated on a daily basis for any partial calendar year during the term of this Agreement. The Consulting Services Fee may, in the sole

discretion of a majority of the members of the Company's Board of Directors who are not affiliated with Consultant, be increased but may not be decreased without the prior written consent of Consultant. If any employee of Consultant shall be elected to serve on the Board of Directors of the Company (a "Designated Director"), in consideration of the Consulting Services Fee being paid to Consultant, Consultant shall cause such Designated Director to waive any and all compensation, including without limitation, fees, stock options, equity participation and other incentives, to which such director would otherwise be entitled as a director for any period for which the Consulting Services Fee or any installment thereof is paid and for which such Designated Director continues to be employed by Consultant.

(b) The Company shall also reimburse Consultant for all reasonable out-of-pocket expenses incurred by Consultant in the performance of services hereunder, including, without limitation, any reasonable fees and expenses of legal, accounting or other professional advisors to Consultant in connection with the services provided hereunder. Such expenses shall be reimbursed promptly upon receipt by the Company, as the case may be, of expense statements or other supporting documentation.

(c) Nothing herein shall prevent Consultant from receiving from the Company a transaction fee in connection with the consummation by the Company or any of its subsidiaries of (i) an acquisition of an additional business (ii) a divestiture and/or (iii) a financing or refinancing, in each case, in such amount as shall be determined by a majority of the members of the Company's Board of Directors who are not affiliated with Consultant.

5. Liability. Neither Consultant nor any of its affiliates, directors, officers, shareholders, employees or agents shall be liable to the Company or any of its subsidiaries or affiliates for any loss, liability, damage or expense arising out of or in connection with the performance of services contemplated by this Agreement, unless such loss, liability, damage or expense shall be proven to result directly from gross negligence, willful misconduct or bad faith on the part of Consultant, its affiliates, directors, officers, shareholders, employees or agents acting within the scope of their employment or authority.

6. Indemnification.

(a) The Company agrees that it shall indemnify, defend and hold harmless Consultant, its successors and assigns and its directors, officers, shareholders, employees, agents, advisors, representatives and controlling persons (within the meaning of the Securities Act of 1933, as amended) and their respective successors and assigns (collectively, "Indemnitees") from and against any and all claims, obligations, liabilities, causes of action, actions, suits, proceedings, investigations, judgments, decrees, losses, damages, fees, costs and expenses (including without limitation interest, penalties and fees and disbursements of attorneys, accountants, investment bankers and other professional advisors) (collectively, "Obligations"), whether incurred with respect to third parties or otherwise, in any way resulting from, arising out of or in connection with, based upon or relating to, the performance of the services hereunder, except to the extent that any such Obligation is found in a final judgment by a court having jurisdiction to have resulted from the gross negligence, willful misconduct or bad faith of an Indemnitee.

(b) The Company hereby agrees to advance costs and expenses, including attorneys' fees, incurred by Consultant (acting on its own behalf or, if requested by any such Indemnitee other than itself, on behalf of such Indemnitee) or any Indemnitee in defending any claim relating to any Obligation in advance of the final disposition of such claim within 30 days of receipt from Consultant of (i) a notice setting forth the amount of such costs and expenses and (ii) an undertaking by or on behalf of Consultant or such Indemnitee to repay amounts so advanced if it shall ultimately be determined that Consultant or such Indemnitee is not entitled to be indemnified by the Company as authorized by this Agreement.

(c) The foregoing right to indemnity shall be in addition to any rights that any Indemnitee may have at common law or otherwise and shall remain in full force and effect following the completion or any termination of the engagement. The Company hereby consents to personal jurisdiction and to service and venue in any court in which any claim which is subject to this Agreement is brought against any Indemnitee.

7. Independent Contractor. Consultant is an independent contractor and nothing in this Agreement shall be construed or inferred to imply that Consultant or any affiliate of Consultant is a partner or joint venturer with, or an agent or employee of, the Company. All employees, agents or

representatives employed by or used by Consultant in its performance of this Agreement shall be the employees, agents and representatives of Consultant and not the Company, except as expressly agreed to in writing by the Company.

8. Notices. Any notice required or permitted hereunder shall be deemed to have been given or made only if in writing and either delivered or sent by hand delivery, express delivery, or courier service, or prepaid registered or certified mail, return receipt requested, addressed as follows:

If to the Company, to:

Red Robin International, Inc.
5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
Attention: Michael J. Snyder
and John W. Grant

with a copy to:

O'Melveny & Myers LLP
610 Newport Center Drive, 17th Floor
Newport Beach, California 92660
Attention: Thomas J. Leary

If to Consultant, to:

Quad-C, Inc.
230 East High Street
Charlottesville, Virginia 22902
Attention: Edward T. Harvey, Jr.

with a copy to:

McGuire, Woods, Battle & Boothe LLP
One James Center
Richmond, Virginia 23219
Attention: Leslie A. Grandis

The date of delivery, or the date of mailing, of any such notice shall be deemed to be the date on which the same was given. Any of the parties may change its address for the purpose of notice by giving like notice in accordance with the provisions of this Section.

9. Entire Agreement. This Agreement contains the entire agreement between the parties hereto and supersedes any and all prior agreements, arrangements or understandings relating to the subject matter hereof.

10. Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and assigns and to each Indemnitee. Consultant may assign any of its rights and obligations under this Agreement to any of its affiliates without the consent of the Company. This Agreement is not intended to confer any right or remedy hereunder upon any person other than the parties to this Agreement and their respective successors and permitted assigns and each Indemnitee.

11. Amendment; Waivers. No amendment, modification, supplement or discharge of this Agreement, and no waiver hereunder, shall be valid or binding unless set forth in writing and duly executed by the party or Indemnitee against whom enforcement of the amendment, modification, supplement, discharge or waiver is sought (and in the case of the Company, approved by resolution of the Board of Directors of the Company). Any such waiver shall constitute a waiver only with respect to the specific matter described in such writing and shall in no way impair the rights of the party or Indemnitee granting such waiver in any other respect or at any other time. Neither the waiver by any of the parties hereto or any Indemnitee of a breach of or a default under any of the provisions of this Agreement, nor the failure by any party hereto or any Indemnitee on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right, powers or privilege hereunder, shall be construed as a waiver of any other breach or default of a similar nature, or as a waiver of any of such provisions, rights, power or privileges hereunder. The rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies that any party or Indemnitee may otherwise have at law or in equity or otherwise.

12. Governing Law. This Agreement shall be governed and construed by, and

enforced in accordance with, the laws of the State of Colorado, without giving effect to its principles or rules of conflict of laws to the extent that such principles or rules would require or permit the application of the laws of another jurisdiction.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties have entered into this Agreement as of the day and year first above written.

RED ROBIN INTERNATIONAL, INC.

By: /s/Michael J. Snyder

Name: Michael J. Snyder
Title: President

QUAD-C MANAGEMENT, INC.

By:

Name: Edward T. Harvey, Jr.
Title: Vice President

IN WITNESS WHEREOF the parties have entered into this Agreement as of the day and year first above written.

RED ROBIN INTERNATIONAL, INC.

By:

Name: Michael J. Snyder
Title: President

QUAD-C MANAGEMENT, INC.

By: /s/Edward T. Harvey, Jr.

Name: Edward T. Harvey, Jr.
Title: Vice President

EXHIBIT 10.14

ESCROW AGREEMENT

This Escrow Agreement (this "Agreement") is entered into as of May 11, 2000, by and among Red Robin International, Inc., a Nevada corporation ("Buyer"), Red Robin Holding Co., Inc., a direct wholly owned subsidiary of Buyer incorporated under the laws of Nevada ("Merger Sub"), the stockholders of The Snyder Group Company, a Delaware corporation (the "Company") listed on the attached Schedule I (the "Stockholders") and Harris Trust Company of California as Escrow Agent (the "Escrow Agent").

BACKGROUND

A. The respective Boards of Directors of Buyer and the Company and the Stockholders have approved the merger of the Company with and into Merger Sub (the "Merger"), upon the terms and subject to the conditions set forth in an Agreement and Plan of Merger (the "Merger Agreement").

B. Concurrently with the execution of the Merger Agreement and as an inducement to Buyer to enter into the Merger Agreement, Buyer, Merger Sub, and the Stockholders desire to enter into this Agreement as security for the accurateness and completeness of the representations, warranties, covenants, agreements and indemnities made by the Company and the Stockholders in the Merger Agreement and to satisfy any adjustments to the Stock Merger Consideration pursuant to Section 2.9 of the Merger Agreement. Unless otherwise defined in this Agreement, capitalized words will have the meanings ascribed to them in the Merger Agreement.

AGREEMENT

In consideration of the mutual promises contained herein and for other good and valuable consideration, receipt of which is hereby acknowledged, and intending to be legally bound, the parties agree as follows:

1. Appointment of Escrow Agent. The Escrow Agent is hereby appointed to act as escrow agent in accordance with the terms hereof, and the Escrow Agent hereby accepts such appointment. The Escrow Agent shall have all the rights, powers, duties and obligations provided herein.

2. Deposit of Escrow Assets. On the date of the closing of the transactions contemplated by the Merger Agreement (written notification of said date to be delivered to the Escrow Agent by Buyer) (the "Closing Date"), each Stockholder will be deemed to have received and then deposited with the Escrow Agent 2,500,000 shares in the aggregate of Buyer Common Stock issued to the Stockholders pursuant to Section 2.8 of the Merger Agreement, without any act of the Stockholders; provided, however, that each Stockholder shall have the option, upon notice to Buyer 3 days prior to the Closing, to deposit cash with the Escrow Agent in lieu of the deposit of Buyer Common Stock (for an amount in cash equal to such Buyer Common Stock, at a value of $2.00 per share of Buyer Common Stock). Such shares will be registered in the name of the Stockholders with attached stock powers executed in blank, and will be deposited with the Escrow Agent. Such total deposit and any cash deposited with the Escrow Agent by any of the Stockholders in exchange for the release of Buyer Common Stock shall constitute the escrow assets (the "Escrow Assets"). At any time during which the Escrow Agent holds any Buyer Common Stock of any of the Stockholders, each such Stockholder shall have the option, upon notice to the Escrow Agent and Buyer 3 days prior to the delivery of cash to the Escrow Agent, to deposit cash with the Escrow Agent in exchange for all or a part of such Stockholder's Buyer Common Stock, at which time the Escrow Agent shall release Buyer Common Stock to such Stockholder. For purposes of determining the number of shares of Buyer Common Stock to be released to any Stockholder that deposits cash with the Escrow Agent in exchange for the release of all or a part of such Stockholder's Buyer Common Stock, the value of each share of Buyer Common Stock shall be $2.00, subject to adjustment pursuant to Section 7. Any cash received by the Escrow Agent for release of all or a part of such Stockholder's Buyer Common Stock shall become a part of the Escrow Assets.

3. Purposes of the Escrow Assets. The purposes of the Escrow Assets shall be to satisfy (i) any adjustments to the Merger Consideration required under Section 2.9 of the Merger Agreement and (ii) any claims by any Buyer Indemnified Party for indemnification pursuant to Article IX of the Merger Agreement.

4. Disbursement of Escrow Assets for Adjustments to the Merger

Consideration. To satisfy any reduction in the Merger Consideration pursuant to Section 2.9 of the Merger Agreement, the Escrow Agent shall disburse all or part of the Escrow Assets as follows:

(a) If the Escrow Agent receives written instructions from the Stockholder Agent to release Escrow Assets to Buyer with a value equal to a portion or all of the amount of any reduction in the Merger Consideration determined in accordance with Section 2.9 of the Merger Agreement, the Escrow Agent shall immediately disburse Escrow Assets to Buyer in the amount specified in the Stockholder Agent's written instructions.

(b) If the Escrow Agent receives written instructions from Buyer (i) setting forth the amount of any reduction in the Merger Consideration finally determined in accordance with Section 2.9 of the Merger Agreement, (ii) stating that Buyer has not received payment from the Stockholders of the amount of such reduction within three days of the date of final determination and (iii) instructing the Escrow Agent to disburse Escrow Assets to Buyer with a value equal to any portion or all of the amount of such reduction, the Escrow Agent shall immediately disburse Escrow Assets to Buyer in the amount specified in Buyer's written instructions.

(c) If at the time of any disbursement pursuant to this Section 4, the Escrow Assets are comprised of both cash and Buyer Common Stock, Buyer shall instruct the Escrow Agent to make such disbursement from either the cash, Buyer Common Stock, or any combination of cash and Buyer Common Stock.

(d) The Escrow Agent shall have no duty or obligation to verify that the amount specified in any written instructions delivered to the Escrow Agent pursuant to Section 4(a) or 4(b) was determined in accordance with Section 2.9 of the Merger Agreement.

5. Disbursement of the Stockholders' Escrow Assets. The Escrow Agent shall disburse all or part of the Escrow Assets that are owned by the Stockholders as follows:

(a) On the earlier of (i) eighteen months following the Closing Date or (ii) a date certified to the Escrow Agent by Buyer that is 60 days after Buyer's auditors have delivered a signed audit report with respect to the Company's fiscal year 2000 (the "First Stockholder Release Date"), the Escrow Agent shall disburse to each Stockholder 40% of the balance of the Escrow Assets that are owned by each such Stockholder as of the First Stockholder Release Date, unless the Escrow Agent and the Stockholder Agent have received one or more Claim Notices from any Buyer Indemnified Party setting forth, in reasonable detail, (i) the amount of any Covered Liabilities due to such Buyer Indemnified Party from the Stockholders under Section 9.2(a) of the Merger Agreement, and (ii) a description of the factual basis therefor (a "Company Indemnity Claim"). With respect to each Stockholder, if the Pro Rata Percentage (as defined below) obligation of such Stockholder for the aggregate amount of any Company Indemnity Claim(s) set forth in Claim Notice(s) as of the First Stockholder Release Date is less than 40% of the balance of the Escrow Assets owned by such Stockholder as of such date, the Escrow Agent shall pay to such Stockholder the amount of the difference between such Stockholder's Pro Rata Percentage obligation for the aggregate amount of such Company Indemnity Claim(s) and 40% of the balance of the Escrow Assets owned by such Stockholder as of the First Stockholder Release Date, and the Escrow Agent shall retain the amount of such Company Indemnity Claim(s) as part of the Escrow Assets to be held by the Escrow Agent pursuant to this Escrow Agreement. The amount retained by the Escrow Agent in connection with such Company Indemnity Claim(s), if any, shall be the "Retained Amount". Notwithstanding the foregoing, if the Escrow Agent and any of the Stockholders have received one or more Claim Notices from any Buyer Indemnified Party setting forth, in reasonable detail, (i) the amount of any Covered Liabilities due to such Buyer Indemnified Party from such Stockholder under Section 9.2(b) of the Merger Agreement, and (ii) a description of the factual basis therefor (a "Stockholder Indemnity Claim"), then any disbursement by the Escrow Agent to such Stockholder pursuant to this Section 5(a) shall be reduced by the aggregate amount of such Stockholder Indemnity Claim(s) and such amount shall be retained by the Escrow Agent as part of the Retained Amount.

(b) On the second anniversary of the Closing Date, the Escrow Agent shall disburse to each Stockholder 50% of the balance of the Escrow Assets that are owned by each such Stockholder as of such date, unless the Escrow Agent and the Stockholder Agent have received one or more

Claim Notices from any Buyer Indemnified Party setting forth, in reasonable detail, a Company Indemnity Claim. With respect to each Stockholder, if the Pro Rata Percentage obligation of

such Stockholder for the aggregate amount of any Company Indemnity Claim(s) set forth in Claim Notice(s) at the second anniversary of the Closing Date is less than 50% of the balance of the Escrow Assets owned by such Stockholder as of such date, the Escrow Agent shall pay to such Stockholder the amount of the difference between such Stockholder's Pro Rata Percentage obligation for the aggregate amount of such Company Indemnity Claim(s) and 50% of the balance of the Escrow Assets owned by such Stockholder as of such date, and the Escrow Agent shall retain the amount of such Company Indemnity Claim(s) as part of the Escrow Assets to be held by the Escrow Agent pursuant to this Escrow Agreement. The amount retained by the Escrow Agent in connection with such Company Indemnity Claim(s), if any, shall be the "Retained Amount". Notwithstanding the foregoing, if the Escrow Agent and any of the Stockholders have received one or more Claim Notices from any Buyer Indemnified Party setting forth, in reasonable detail, a Stockholder Indemnity Claim, then any disbursement by the Escrow Agent to such Stockholder pursuant to this Section 5(b) shall be reduced by the aggregate amount of such Stockholder Indemnity Claim(s) and such amount shall be retained by the Escrow Agent as part of the Retained Amount.

(c) On the earlier of (i) the third anniversary of the Closing Date or (ii) the closing of an initial public offering of Buyer's capital stock or the sale of 100% of Buyer's capital stock or substantially all of the assets of Buyer (written notification of the date of any such closing to be delivered to the Escrow Agent by Buyer) (the "Final Stockholder Release Date"), the Escrow Agent shall disburse to each Stockholder the remaining balance of the Escrow Assets that are owned by each such Stockholder as of the Final Release Date, unless the Escrow Agent and the Stockholder Agent have received one or more Claim Notices from any Buyer Indemnified Party setting forth a Company Indemnity Claim. With respect to each Stockholder, if the Pro Rata Percentage obligation of such Stockholder for the aggregate amount of any Company Indemnity Claim(s) set forth in such Claim Notice(s) as of the Final Stockholder Release Date is less than the balance of the Escrow Assets owned by such Stockholder as of the Final Stockholder Release Date, the Escrow Agent shall pay to such Stockholder the amount of the difference between such Stockholder's Pro Rata Percentage obligation for the aggregate amount of such Company Indemnity Claim(s) and the balance of the Escrow Assets owned by such Stockholder as of the Final Stockholder Release Date, and the Escrow Agent shall retain the amount of such Company Indemnity Claim(s) as part of the Escrow Assets to be held by the Escrow Agent pursuant to this Escrow Agreement. The amount retained by the Escrow Agent in connection with such Company Indemnity Claim(s), if any, shall be the "Retained Amount". Notwithstanding the foregoing, if the Escrow Agent and any of the Stockholders have received one or more Claim Notices from any Buyer Indemnified Party setting forth, in reasonable detail, a Stockholder Indemnity Claim, then any disbursement by the Escrow Agent to such Stockholder pursuant to this Section 5(c) shall be reduced by the aggregate amount of such Stockholder Indemnity Claim and such amount shall be retained by the Escrow Agent as part of the Retained Amount.

(d) To settle any Company Indemnity Claim by any Buyer Indemnified Party against the Stockholders or any Stockholder Indemnity Claim by any Buyer Indemnified Party against any Stockholder, the Escrow Agent may disburse to such Buyer Indemnified Party any portion of the Escrow Assets (including any Retained Amount) owned by the Stockholders (on a Pro Rata Percentage basis) or such Stockholder, respectively:

(i) at any time upon receipt by the Escrow Agent of a written instruction executed by such Buyer Indemnified Party and the Stockholder Agent in the case of a Company Indemnity Claim or such Stockholder in the case of a Stockholder Indemnity Claim setting forth the amount of the Escrow Assets to be so disbursed;

(ii) within 30 days following receipt by the Escrow Agent of a Claim Notice, provided that, during such 30-day period, the Escrow Agent shall not have received: (A) a written objection to the disbursement from the Stockholder Agent in connection with any Company Indemnity Claim (a "Company Objection") or a written objection to the disbursement from such Stockholder in connection with any Stockholder

Indemnity Claim (a "Stockholder Objection), which such Company Objection or Stockholder Objection shall describe in reasonable detail the factual basis therefor and shall be delivered to such Buyer Indemnified Party and the Escrow Agent; or (B) a written instruction from such Buyer Indemnified Party that such Buyer Indemnified Party has received an amount in cash to settle such claims by Buyer Indemnified Party; or

(iii) unless the Escrow Agent has received a written instruction from such Buyer Indemnified Party that such Buyer Indemnified Party has received an amount in cash to settle such claim prior to receipt by the Escrow Agent of the items set forth below, within three days following receipt by the Escrow Agent of:

(a) a judgment of any court determining the validity of a disputed claim by such Buyer Indemnified Party, and certification by Buyer that no appeal is pending from such judgment or that the time to appeal therefrom has elapsed;

(b) an award of any arbitrator or arbitration panel determining the validity of a disputed claim by such Buyer Indemnified Party, and certification by Buyer that there is not pending any motion to set aside such award or that the time within which to move to set such award aside has elapsed;

(c) a written termination of any Company Objection in connection with any Company Indemnity Claim or any

Stockholder Objection in connection with any Stockholder Indemnity Claim signed by all of the parties thereto or their attorneys; or

(d) a written acknowledgement by the Stockholder Agent with respect to any Company Indemnity Claim or such Stockholder with respect to any Stockholder Indemnity Claim that the validity of any claim by such Buyer Indemnified Party is no longer disputed.

(e) The Escrow Agent shall disburse to each Stockholder (on a Pro Rata Percentage basis) any part or all of the Retained Amount owned by such Stockholder that has been retained by the Escrow Agent in connection with any Company Indemnity Claim made by any Buyer Indemnified Party and, to each Stockholder, any part or all of the Retained Amount owned by each such Stockholder that has been retained by the Escrow Agent in connection with any Stockholder Indemnity Claim:

(i) at any time upon receipt by the Escrow Agent of a written instruction executed by such Buyer Indemnified Party and the Stockholder Agent in connection with any Company Indemnity Claim or such Stockholder in connection with any Stockholder Indemnity Claim setting forth the amount of the Retained Amount to be so disbursed; or

(ii) within three days following receipt by the Escrow Agent of:

(a) a judgment of any court determining that such Buyer Indemnified Party is not entitled to any or all of the disputed claim by such Buyer Indemnified Party, and certification by the Stockholder Agent in connection with any Company Indemnity Claim or such Stockholder in connection with any Stockholder Indemnity Claim that no appeal is pending from such judgment or that the time to appeal therefrom has elapsed;

(b) an award of any arbitrator or arbitration panel determining that such Buyer Indemnified Party is not entitled to any or all of the disputed claim by such Buyer Indemnified Party, and certification by the Stockholder Agent in connection with any Company Indemnity Claim or such Stockholder in connection with any Stockholder Indemnity Claim that there is not pending any motion to set aside such award or that the time within which to move to set such award aside has elapsed; or

(c) a written withdrawal by such Buyer Indemnified Party of any Company Indemnity Claim or Stockholder Indemnity Claim by such Buyer Indemnified Party.

(f) Upon receipt by the Escrow Agent of written instructions from Buyer stating that any Stockholder has paid its Pro Rata Percentage obligation of any Company Indemnity Claim in immediately available funds, the Escrow Agent shall disburse Buyer Common Stock to such Stockholder from such Stockholder's Escrow Assets in the amount of the Company Indemnity Claim paid by such Stockholder as set forth in Buyer's written instructions. Upon receipt by the Escrow Agent of written instructions from Buyer stating that any Stockholder has paid any Buyer Indemnified Party the amount of any Stockholder Indemnity Claim in immediately available funds, the Escrow Agent shall disburse to such Stockholder Buyer Common Stock from the Escrow Assets owned by such Stockholder in the amount of such claim.

(g) If at the time of any disbursement pursuant to this Section 5, the Escrow Assets owned by the Stockholder(s) are comprised of both cash and Buyer Common Stock, Buyer shall instruct the Escrow Agent to make such disbursement from either the cash, Buyer Common Stock, or any combination of cash and Buyer Common Stock.

6. Pro Rata Percentage Disbursements. Any disbursements from the Escrow Assets (i) to the Stockholders pursuant to Section 5 and (ii) to Buyer (A) pursuant to Section 4 and (B) to satisfy any Company Indemnity Claim, shall be made from the Escrow Assets owned by each Stockholder on a pro rata basis based on each Stockholder's percentage ownership of the Company immediately prior to the Effective Time (the "Pro Rata Percentage"), as set forth below:

Michael J. Snyder	41.0003087373%
Stephen S. Snyder, trustee	20.5001543686%
Louise A. Snyder, trustee	20.5001543686%
Michael E. Woods	3.9993350274%
Robert Merullo	3.9993350274%
Shamrock Investment Co.	7.9333602489%
George D. Hansen	0.5046666825%
Deborah Hansen	0.4939796233%
Beverly C. Brown	0.5343529579%
L.V. Brown, Jr.	0.5343529579%

7. Valuation of Escrow Common Stock. For purposes of disbursing the Escrow Assets to any Stockholder or to settle any reduction of Merger Consideration, Company Indemnity Claim or any Stockholder Indemnity Claim by any Buyer Indemnified Party, the value of the shares of Buyer Common Stock which constitute the Escrow Assets hereunder shall be $2.00 per share, as proportionately adjusted from time to time to give effect to any stock dividends, stock splits, reverse stock splits, reclassifications or events of a similar nature affecting the shares of Buyer Common Stock after the Effective Time. Buyer shall deliver written notification to the Escrow Agent of any such adjustments to Buyer Common Stock. The number of shares of Buyer Common Stock disbursed to any Stockholder or to settle any reduction of the Merger Consideration, Company Indemnity Claim or any Stockholder Indemnity Claim by such Buyer Indemnified Party shall be rounded up to the next whole share, if necessary.

8. Voting Rights and Dividends

(a) The Stockholders shall be entitled to exercise any and all voting and other consensual rights pertaining to the Escrow Assets or any part thereof for any purpose not inconsistent with the terms of this Agreement, the Merger Agreement and the Shareholders Agreement.

(b) Any and all distributions of stock or any securities of Buyer Common Stock issued in respect thereof (including, without limitation, any shares issued pursuant to any stock dividend, stock split, reverse stock split, combination or reclassification thereof) shall be the property of the Stockholders and shall be deposited with the Escrow Agent and shall be treated as Escrow Assets pursuant to the terms of this Agreement. Cash dividends or other property distributed in respect of Buyer Common Stock and interest paid in respect of cash

held in the Escrow Assets shall be delivered to the Stockholders and shall not be deposited with or retained by the Escrow Agent.

9. Investment of Escrow Assets. The Escrow Agent agrees to invest and reinvest any cash deposited with the Escrow Agent at the written direction of the Stockholder Agent and risk of the Stockholders during the term of this Agreement. The Escrow Agent shall invest and reinvest any cash deposited with the Escrow Agent in J.P. Morgan Institutional Service Prime Money Market Fund or any money market fund rated in the highest rating category by Standard and Poor's Ratings Services or Moody's Investor Service. The parties acknowledge that the Escrow Agent shall not be responsible for any diminution in value of the cash deposited with the Escrow Agent due to losses resulting from investments.

10. Termination.

(a) Three Year Anniversary. After all Company Indemnity Claims and Stockholder Indemnity Claims by any of the Buyer Indemnified Parties made within three years of the Closing Date of the transactions contemplated by the Merger Agreement have been settled or resolved and the Escrow Agent has disbursed any or all of the Retained Amount to such Buyer Indemnified Parties,

the Escrow Agent shall disburse to each Stockholder the remaining Escrow Assets owned by each such Stockholder and the escrow shall terminate; provided, however, that if the Escrow Assets are depleted at any earlier time, then the escrow shall terminate at such earlier time.

(b) Initial Public Offering or Sale of Buyer. Notwithstanding the foregoing, following the closing of an initial public offering of Buyer's capital stock or a sale of 100% of the capital stock of Buyer or substantially all of the assets of Buyer, the escrow shall terminate after (i) all Company Indemnity Claims and Stockholder Indemnity Claims by any of the Buyer Indemnified Parties made prior to the closing of any such public offering or sale have been settled or resolved, (ii) the Escrow Agent has disbursed any or all of the Retained Amount to such Buyer Indemnified Parties and (iii) the Escrow Agent has disbursed to each Stockholder the remaining Escrow Assets owned by each such Stockholder; provided, however, that if the Escrow Assets are depleted at any earlier time, then the escrow shall terminate at such earlier time.

11. Recovery of Attorneys' Fees and Court Costs. In the event of any Action between any Buyer Indemnified Party and any of the Stockholders arising out of the subject matter of this Agreement, the prevailing party in such Action shall be entitled to recover its reasonable attorneys' fees, and other costs and expenses, including all amounts paid to or on behalf of the Escrow Agent, incurred in connection with such Action. If such Buyer Indemnified Party is entitled to reimbursement of such fees, costs and expenses, it may recover them from the Escrow Assets, but its rights and remedies shall not be limited to the Escrow Assets. To recover such amount from the Escrow Assets, such Buyer Indemnified Party shall deliver to the Escrow Agent a copy of the adjudication resulting from such Action that sets forth the amount of fees, costs and expenses awarded to it, and the Escrow Agent shall be authorized to disburse to such Buyer Indemnified Party the total amount thereof in reliance on such adjudication from the Escrow Assets owned by the Stockholder(s) named on such adjudication.

12. Limitations on Liability of Escrow Agent.

(a) The Escrow Agent may act upon any written notice, certificate, instrument, request, waiver, consent, paper, or other document that the Escrow Agent in good faith reasonably believes to be genuine and to have been made, sent, signed, prescribed, or presented by the proper person or persons. The Escrow Agent shall not be liable for any action taken or omitted by it in connection with the performance of its duties and obligations hereunder, except for its own gross negligence or willful misconduct. The Escrow Agent shall be under no obligation to institute or defend any action, suit or legal proceeding in connection with this escrow or this Agreement unless it is indemnified to its satisfaction by the party or parties who desire that it undertake such action.

(b) The Escrow Agent shall be under no obligation or liability for failure to inform any Buyer Indemnified Party or any of the Stockholders regarding any transaction or facts within the Escrow Agent's knowledge, even though the same

may concern the matters described herein, provided they do not prevent or interfere with the Escrow Agent's compliance with this Agreement, nor shall the Escrow Agent be liable for the sufficiency, correctness or genuineness as to form, manner of execution or validity of any instrument deposited, nor as to identity, authority, or rights of any person executing the same, except as above provided.

(c) Should the Escrow Agent during or after the term of the escrow receive or become aware of any conflicting demands or claims with respect to the Escrow Assets or the rights of any of the parties hereto, or any money or property deposited herein or affected hereby, the Escrow Agent shall have the right to discontinue any or all further acts on its part until such conflict is resolved to its and the parties' satisfaction, and the Escrow Agent shall have the further right to commence or defend any action or proceeding for the determination of such conflict. In the event the Escrow Agent should file suit in interpleader, it shall be fully released and discharged from all further obligations under this Agreement.

(d) The Escrow Agent may consult with legal counsel satisfactory to it in connection with any dispute, the construction of any provision of this Agreement or the duties and obligations of the Escrow Agent under this Agreement and shall be fully protected in taking or omitting to take any other action in reliance on the advice of such counsel.

(e) Buyer and the Stockholders agree jointly and severally, and as to each of the Stockholders, severally and not jointly, to indemnify the Escrow Agent and hold it harmless from and against any loss, liability, expenses (including, without limitation, reasonable attorneys' fees and expenses), claim or demand arising out of or in connection with the performance of its obligations in accordance with the provisions of this Escrow Agreement, except for the gross negligence or willful misconduct of the Escrow Agent. The costs and expenses of enforcing this right of indemnification shall be paid by Buyer and the Stockholders, jointly and severally, and as to each of the Stockholders, severally and not jointly. These indemnities shall survive the resignation of the Escrow Agent or the termination of this Escrow Agreement.

(f) The Escrow Agent shall have no duties except those specifically set forth in this Agreement and shall not be subject to, nor have any liability or responsibility under, any other agreement or document the parties hereto may be responsible for, even if same is referenced herein.

13. Release of Escrow Agent. The retention and distribution of the Escrow Assets in accordance with the terms and provisions of this Agreement shall fully and completely release the Escrow Agent from any obligations or liabilities assumed under this Agreement with respect to the Escrow Assets.

14. Compensation of Escrow Agent. The Escrow Agent shall be entitled to its fees as set forth in Schedule II, and reimbursement of fees, costs and expenses, including reasonable attorneys' fees, suffered or incurred by the Escrow Agent in connection with

the performance of its duties and obligations hereunder, including, but not limited to, any suit in interpleader brought by the Escrow Agent. The compensation, fees, costs and expenses of the Escrow Agent shall be paid by Buyer (except as may otherwise be determined in any Action).

15. Resignation of Escrow Agent; Successor Escrow Agent.

(a) The Escrow Agent may resign at any time upon giving at least thirty days written notice to Buyer and the Stockholder Agent; provided, however, that no such resignation will become effective until the appointment of a successor Escrow Agent which will be accomplished as follows: Buyer shall appoint a successor Escrow Agent within thirty days after receiving such notice, which appointment will be subject to the approval of the Stockholder Agent. If Buyer and the

Stockholder Agent fail to agree upon a successor Escrow Agent within such time, the Escrow Agent will have the right to appoint a successor Escrow Agent. The successor Escrow Agent will execute and deliver an instrument accepting such appointment and it will, without further acts, be vested with all the estates, properties, rights, powers and duties of the predecessor Escrow Agent as if originally named as the Escrow Agent. Thereafter, the predecessor Escrow Agent will be discharged from any further duties under this Agreement.

(b) Any corporation or association into which the Escrow Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which the Escrow Agent is a party shall be and become the successor Escrow Agent under this Escrow Agreement, vested with title to the Escrow Assets and having all the powers, discretions, rights, duties, immunities and privileges as its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance.

16. Stockholder Agent.

(a) Michael J. Snyder is hereby appointed by the Stockholders to act as the Stockholders' agent (the "Stockholder Agent") with respect to the escrow provisions set forth in this Agreement. The Stockholder Agent will be constituted and appointed as agent and attorney-in-fact for each Stockholder to give and receive notices and communications, to authorize delivery to any Buyer Indemnified Party of Buyer Common Stock or cash from the Escrow Assets in satisfaction of Company Indemnity Claims or Stockholder Indemnity Claims by such Buyer Indemnified Party, to object to such deliveries, to agree to, negotiate, enter into settlements and compromises of, and comply with orders of courts and awards of arbitrators with respect to such Company Indemnity Claims or Stockholder Indemnity Claims, to authorize delivery to any Buyer Indemnified Party of Buyer Common Stock or cash from the Escrow Assets in satisfaction of any reduction in the Merger Consideration, and to take all actions necessary or appropriate in the judgment of the Stockholder Agent for the accomplishment of

the foregoing. Notices or communications to or from the Stockholder Agent will constitute notice to or from each of the Stockholders. A decision, act, consent or instruction of the Stockholder Agent will constitute a decision of all the Stockholders, and will be final, binding and conclusive upon each of the Stockholders, and the Escrow Agent and any Buyer Indemnified Party may rely upon any decision, act, consent or instruction of the Stockholder Agent as being the decision, act, consent or instruction of each and all of the Stockholders.

(b) Michael J. Snyder may, in his sole discretion, resign as the Stockholder Agent, provided that Michael J. Snyder shall give Buyer 20 days' prior written notice of his inability or unwillingness to serve as the Stockholder Agent hereunder. If Michael J. Snyder is unable to or unwilling to act as the Stockholder Agent, a majority in interest of the Stockholders shall be entitled to appoint a substitute agent(s) for such purpose. Michael J. Snyder shall have no liability whatsoever to any of the Stockholders, Merger Sub, any Buyer Indemnified Party or the Escrow Agent in acting as the Stockholder Agent except for actions taken in manifest bad faith. Any Buyer Indemnified Party and the Escrow Agent shall be entitled to rely on the authority of the Stockholder Agent for all purposes provided for herein, and any Buyer Indemnified Party and the Escrow Agent shall have no liability to the Stockholders for the failure of the Stockholder Agent to perform any action or satisfy any obligation provided for herein. The Escrow Agent and any Buyer Indemnified Party are hereby relieved from any liability to any Person for acts done by them in accordance with any decision, act, consent or instruction of the Stockholder Agent.

(c) Each Stockholder agrees to pay all costs and expenses, including those of any legal counsel or other professional retained by the Stockholder Agent, in connection with the acceptance or administration of the Stockholder Agent's duties hereunder.

17. Parties in Interest. This Agreement shall be binding upon and inure to the benefit of each party, and nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever by, under or by reason of this Agreement. Nothing in this Agreement is intended to relieve or discharge the obligation of any third person to, or to confer any right of subrogation or action over against, any party to this Agreement.

18. Notices. Any notice or other communication hereunder must be given in writing and either (a) delivered in person, (b) transmitted by telefax or other telecopy mechanism provided that any notice so given is also mailed as provided in clause (c) or (c) mailed by certified or registered mail, postage prepaid, receipt requested, to the addresses set forth on the signature pages attached hereto or to such other address or to such other person as either party shall have last designated by such notice to the other party. Each such notice or other communication shall be effective when actually received. The names, titles and specimen signatures of each of the persons who are authorized to execute and deliver written notices and directions to the Escrow Agent pursuant to this Agreement are attached hereto as Schedule III.

19. Amendments; Waivers. This Agreement may be amended only by an agreement in writing of all parties. No waiver of any provision nor consent to any exception to the terms of this Agreement shall be effective unless in writing and signed by the party to be bound, and then only to the specific purpose, extent and instance so provided.

20. Counterparts. This Agreement and any other agreement (or document) delivered pursuant hereto may be executed in one or more counterparts and by different parties in separate counterparts. All of such counterparts shall constitute one and the same agreement and shall become effective when one or more counterparts of this Agreement have been signed by each party and delivered to the other parties. Facsimile signatures shall constitute original signatures for all purposes of this Agreement.

21. Assignment; Successors and Assigns. Neither this Agreement nor any rights or obligations under it are assignable without the prior written consent of all parties. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the successors and permitted assigns of the respective parties.

22. Governing Law. This Agreement shall be governed in all respects by the laws of the State of California without regard to any laws or regulations relating to choice of laws (whether of the State of California or any other jurisdiction) that would cause the application of the laws of any other jurisdiction other than the State of California.

23. Integration. This Agreement, and the agreements referred to herein, constitute the entire agreement and understanding of the parties with respect to the subject matter of this Agreement and supersede all prior agreements and understandings with respect thereto.

24. Severability. If any provision of this Agreement is held invalid by any court, arbitrator, governmental agency or regulatory body, the other provisions shall remain in full force and effect. To the extent permitted by applicable law, the parties hereby waive any provision of law that renders any provision hereof unenforceable in any respect.

25. Headings. The descriptive headings of the Sections of this Agreement are for convenience only and do not constitute a part of this Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on the day and year first above written.

RED ROBIN INTERNATIONAL, INC.
a Nevada corporation

By:/s/ James P. McCloskey
James P. McCloskey
Chief Financial Officer

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
Attention: John Grant

Facsimile No.: 303-846-6073

RED ROBIN HOLDING CO.,
a Nevada corporation

By:/s/ James P. McCloskey

James P. McCloskey
Chief Financial Officer

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
Attention: John Grant
Facsimile No.: 303-846-6073

THE STOCKHOLDERS

Michael J. Snyder

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
Attention: Michael J. Snyder
Facsimile No.: 303-846-6013

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on the day and year first above written.

RED ROBIN INTERNATIONAL, INC.
a Nevada corporation

By:

James P. McCloskey
Chief Financial Officer

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
Attention: John Grant
Facsimile No.: 303-846-6073

RED ROBIN HOLDING CO.,
a Nevada corporation

By:

James P. McCloskey
Chief Financial Officer

Address: 5575 DTC Parkway, Suite 110
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Attention: John Grant
Facsimile No.: 303-846-6073

THE STOCKHOLDERS

/s/ Michael J. Snyder

Michael J. Snyder

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
Attention: Michael J. Snyder
Facsimile No.: 303-846-6013

/s/ Stephen Snyder

Stephen Snyder, individually and as the Trustee of
the Stephen S. Snyder Intervivos Trust

Address: 5575 DTC Parkway, Suite 110

Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

Louise Snyder, individually and as the Trustee of
the Louise Snyder Intervivos Trust

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

Michael E. Woods

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

Robert Merullo

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

Stephen Snyder, individually and as the Trustee of
the Stephen S. Snyder Intervivos Trust

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

/s/ Louise Snyder

Louise Snyder, individually and as the Trustee of
the Louise Snyder Intervivos Trust

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

Michael E. Woods

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

Robert Merullo

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

Stephen Snyder, individually and as the Trustee of

the Stephen S. Snyder Intervivos Trust

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

Louise Snyder, individually and as the Trustee of
the Louise Snyder Intervivos Trust

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

/s/ Michael E. Woods

Michael E. Woods

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

Robert Merullo

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

Stephen Snyder, individually and as the Trustee of
the Stephen S. Snyder Intervivos Trust

Address: 5575 DTC Parkway, Suite 110
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c/o Michael J. Snyder
Facsimile No.: 303-846-6013

Louise Snyder, individually and as the Trustee of
the Louise Snyder Intervivos Trust

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c/o Michael J. Snyder
Facsimile No.: 303-846-6013

Michael E. Woods

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

/s/ Robert Merullo

Robert Merullo

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

SHAMROCK INVESTMENT COMPANY
a Washington general partnership

By: /s/ George D. Hansen

Name: George D. Hansen

Title: C.O.O.

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

George D. Hansen

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

Deborah Hansen

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

Beverly C. Brown

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

SHAMROCK INVESTMENT COMPANY
a Washington general partnership

By:

Name:

Title:

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

/s/ George D. Hansen

George D. Hansen

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

Deborah Hansen

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

Beverly C. Brown

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

SHAMROCK INVESTMENT COMPANY
a Washington general partnership

By:

Name:

Title:

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

George D. Hansen

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

/s/ Deborah Hansen

Deborah Hansen

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

Beverly C. Brown

Address: 5575 DTC Parkway, Suite 110
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c/o Michael J. Snyder
Facsimile No.: 303-846-6013

SHAMROCK INVESTMENT COMPANY
a Washington general partnership

By:

Name:

Title:

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

George D. Hansen

Address: 5575 DTC Parkway, Suite 110

Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

Deborah Hansen

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

/s/ Beverly C. Brown

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

/s/ L.V. Brown, Jr.

L.V. Brown, Jr.

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

HARRIS TRUST COMPANY
OF CALIFORNIA, as Escrow Agent

By:

Esther Cervantes
Tittle: Vice President

Address: 601 South Figueroa Street #4900
Los Angeles, California 90017
Attention: Escrow Division
Facsimile No.: (213) 239-0631

L.V. Brown, Jr.

Address: 5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
c/o Michael J. Snyder
Facsimile No.: 303-846-6013

HARRIS TRUST COMPANY
OF CALIFORNIA, as Escrow Agent

By: /s/ Esther Cervantes

Esther Cervantes
Tittle: Vice President

Address: 601 South Figueroa Street #4900
Los Angeles, California 90017
Attention: Escrow Division
Facsimile No.: (213) 239-0631

EXHIBIT 10.15

FIRST AMENDMENT TO ESCROW AGREEMENT

This First Amendment to Escrow Agreement (this "Amendment") is entered into as of August 9, 2001, by and among Red Robin Gourmet Burgers, Inc., a Delaware corporation ("RRGB"), Red Robin International, Inc., a Nevada corporation and a wholly owned subsidiary of RRGB ("Buyer"), Red Robin West, Inc., a Nevada corporation and a wholly owned subsidiary of Buyer ("Merger Sub"), the former stockholders of The Snyder Group Company, a Delaware corporation (the "Company"), set forth on the signature page hereto (the "Stockholders") and The Bank of New York as Escrow Agent (the "Escrow Agent"). Unless otherwise defined in this Amendment, capitalized words used herein shall have the meanings ascribed to them in that certain Escrow Agreement, dated as of May 11, 2000, by and among Buyer, Merger Sub, the Stockholders and the Escrow Agent (the "Escrow Agreement")

R E C I T A L S

A. Pursuant to the Escrow Agreement, the Stockholders deposited 2,500,000 shares of the common stock of Buyer, par value $0.001 per share (the "Escrow Shares") with the Escrow Agent as security for the accurateness and completeness of the representations, warranties, covenants, agreements and indemnities made by the Company and the Stockholders in that certain Agreement and Plan of Merger, dated as of February 18, 2000, by and among, Buyer, Merger Sub and the Company (the "Agreement and Plan of Merger"), and to satisfy any adjustments to the Stock Merger Consideration pursuant to Section 2.9 of the Agreement and Plan of Merger.

B. On January 23, 2001, Buyer, RRGB and Red Robin Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of RRGB ("RRMS"), entered into a Merger Agreement (the "Merger Agreement") to provide for a corporate reorganization of Buyer whereby RRMS would be merged with and into Buyer (the "Merger"), with (a) Buyer continuing as the surviving corporation of such merger, and (b) each outstanding share (or any fraction thereof) of the common stock of Buyer being converted in such merger into a like number of shares of the common stock of RRGB, par value $0.001 per share ("RRGB Common Stock").

C. Pursuant to a letter dated May 31, 2001 delivered by Buyer to the Escrow Agent in accordance with Section 5 of the Escrow Agreement, Buyer instructed the Escrow Agent to release 40% of the balance of the Escrow Shares currently owned by each Stockholder (the "Release").

D. The parties hereto desire to enter into this Amendment in order to (i) substitute shares of RRGB Common Stock for the Escrow Shares that currently comprise a portion of the Escrow Assets and (ii) effect the Release.

E. NOW, THEREFORE, taking into account the foregoing recitals, and in consideration of the mutual covenants and agreements contained herein, and for other good and

valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Substitution of Escrow Assets. The parties acknowledge and agree that (i) the Escrow Shares deposited with the Escrow Agent pursuant to Section 2 of the Escrow Agreement have been cancelled in accordance with the Merger Agreement, (ii) an equal number of shares of RRGB Common Stock have been automatically substituted therefor, and (iii) RRGB shall hereby withhold from delivery to the Escrow Agent that number of shares of RRGB Common Stock necessary to effect the Release, which RRGB shall deliver to each Stockholder in accordance with the Escrow Agreement.

2. No Surrender of Certificates. Until surrendered for transfer or exchange, each outstanding stock certificate deposited with the Escrow Agent that, immediately prior to the effective time of the Merger, evidenced the Escrow Shares shall be deemed and treated for all purposes to evidence the ownership of that number of shares of RRGB Common Stock equal to the number of Escrow Shares represented by such outstanding stock certificate.

3. Parties. The Escrow Agreement is amended by deleting each reference to "Red Robin Holding Co., Inc." and inserting "Red Robin West, Inc." in its place, and by deleting each reference to "Harris Trust Company of California" and inserting "The Bank of New York" in its place.

4. Ratification of Escrow Agreement. Except as specifically amended by this Amendment, the Escrow Agreement shall remain in full force and effect and the parties hereto hereby reaffirm all of the provisions of the Escrow Agreement as amended by this Amendment.

5. Governing Law. The validity, meaning and effect of this Amendment shall be determined in accordance with the laws of the State of California applicable to contracts made and to be performed in that state.

6. Further Assurances. The parties hereto agree to execute such other documents and perform such other acts as may be necessary or desirable to carry out the purposes of this Amendment.

7. Counterparts. This Amendment may be executed in counterparts, each of which when so executed and delivered shall be deemed to be an original for all purposes, but all such counterparts shall constitute but one in the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned parties have caused this Amendment to be duly executed and delivered as of the date set forth above.

RRGB:

RED ROBIN GOURMET BURGERS, INC.,
a Delaware corporation

By: /s/ James P. McCloskey

Name: James P. McCloskey
Title Vice President & Chief Financial Officer

BUYER:

RED ROBIN INTERNATIONAL, INC.,
a Nevada corporation

By: /s/ James P. McCloskey

Name: James P. McCloskey
Title:Vice President & Chief Financial Officer

MERGER SUB:

RED ROBIN WEST, INC.,
a Nevada corporation

By: /s/ James P. McCloskey

Name: James P. McCloskey
Title:Vice President & Chief Financial Officer

THE STOCKHOLDERS

Michael J. Snyder

IN WITNESS WHEREOF, the undersigned parties have caused this Amendment to be duly executed and delivered as of the date set forth above.

RRGB:

RED ROBIN GOURMET BURGERS, INC.,
a Delaware corporation

By: /s/ James P. McCloskey

Name: James P. McCloskey
Title Vice President & Chief Financial Officer

BUYER:

RED ROBIN INTERNATIONAL, INC.,

a Nevada corporation

By: /s/ James P. McCloskey

Name: James P. McCloskey
Title:Vice President & Chief Financial Officer

MERGER SUB:

RED ROBIN WEST, INC.,
a Nevada corporation

By: /s/ James P. McCloskey

Name: James P. McCloskey
Title:Vice President & Chief Financial Officer

THE STOCKHOLDERS

/s/ Michael J. Snyder

Michael J. Snyder

/s/ Stephen Snyder

Stephen Snyder, individually and as the Trustee of
the Stephen S. Snyder Intervivos Trust

/s/ Louise Snyder

Louise Snyder, individually and as the Trustee of
the Louise Snyder Intervivos Trust

Michael E. Woods

Robert Merullo

SHAMROCK INVESTMENT COMPANY,
a Washington general partnership

By:

Name:
Title:

George D. Hansen

Deborah Hansen

Beverly C. Brown

L.V. Brown, Jr.

Stephen Snyder, individually and as the Trustee of
the Stephen S. Snyder Intervivos Trust

Louise Snyder, individually and as the Trustee of
the Louise Snyder Intervivos Trust

/s/ Michael E. Woods

Michael E. Woods

/s/ Robert Merullo

Robert Merullo

SHAMROCK INVESTMENT COMPANY,
a Washington general partnership

By:

Name:
Title:

George D. Hansen

Deborah Hansen

Beverly C. Brown

L.V. Brown, Jr.

Stephen Snyder, individually and as the Trustee of
the Stephen S. Snyder Intervivos Trust

Louise Snyder, individually and as the Trustee of
the Louise Snyder Intervivos Trust

Michael E. Woods

Robert Merullo

SHAMROCK INVESTMENT COMPANY,
a Washington general partnership

By: /s/ George D. Hansen

Name:
Title:

/s/ George D. Hansen

George D. Hansen

/s/ Deborah Hansen

Deborah Hansen

/s/ Beverly C. Brown

Beverly C. Brown

/s/ George D. Hansen for L.V. Brown, Jr.

L.V. Brown, Jr.

THE BANK OF NEW YORK, as Escrow Agent

By: /s/ STEPHEN M BRUCE

Name: STEPHEN M BRUCE
Title: ASSISTANT VICE PRESIDENT

Exhibit 10.16

MEMORANDUM AGREEMENT

This Memorandum Agreement (this "Agreement"), dated May 10, 2001, is entered into by and among The Snyder Group Company, a Delaware corporation ("SGC"), each former shareholder of SGC listed on Schedule A hereto (the "Former Shareholders"), Red Robin International, Inc., a Nevada corporation ("Red Robin"), Red Robin West, Inc. (formerly Red Robin Holding Co., Inc.), a Nevada corporation and a wholly owned subsidiary of Red Robin ("Red Robin West"), Rodney Bench (the "Indenture Trustee"), as trustee of that certain Trust Indenture Agreement, dated May 11, 2000, by and between Red Robin and the Indenture Trustee (the "Trust Indenture"), and Bunch Grass Leasing, LLC ("Bunch Grass Leasing").

RECITALS

A. On May 11, 2000, SGC merged with and into Red Robin West pursuant to that certain Agreement and Plan of Merger, dated February 18, 2000, by and among Red Robin, Red Robin West, SGC and the Former Shareholders, as amended by that certain Closing Agreement and Amendment to Merger Agreement, dated as of May 11, 2000, by and among Red Robin, Red Robin West, SGC and the Former Shareholders (as so amended, the "Plan of Merger");

B. The Plan of Merger provided for the delivery to the Former Shareholders of merger consideration equal to (i) an aggregate of 5,480,152 shares of Red Robin's common stock, par value $0.001 per share (the "Shares") and (ii) an amount in debentures issued by Red Robin pursuant to the Trust Indenture (the "Debentures") and/or cash equal to an aggregate of $10,960,301, allocated in the manner provided in the Plan of Merger and subject to adjustment pursuant to Section 2.9 of the Plan of Merger;

C. Pursuant to that certain Sinking Fund Agreement, dated September 6, 2000, by and between Red Robin and the Indenture Trustee, Red Robin established a sinking fund for the payment and performance of the Debentures, which was subsequently assigned to Bunch Grass Leasing pursuant to that certain Assignment and Assumption Agreement, dated September 6, 2000, by and among Bunch Grass Leasing, Red Robin and the Indenture Trustee;

D. The Former Shareholders desire to amend the Plan of Merger and the Trust Indenture as more fully described herein to correct certain errors that occurred in connection with the allocation of the Shares and the Debentures to certain of the Former Shareholders listed on Schedule B hereto, and, subject to the conditions set forth herein, Red Robin has agreed to such amendment; and

E. Red Robin, SGC and the Former Shareholders have agreed that the adjustment to the Merger Consideration calculated pursuant to Section 2.9 of the Plan of Merger is equal to $112,000 (the "Merger Consideration Adjustment"), which the parties agree shall be payable to the Former Shareholders in accordance with this Agreement.

Now, therefore, pursuant to provisions in the Plan of Merger and the Trust Indenture and in consideration of the mutual promises contained herein, the parties agree as follows:

1. Reallocation of Shares.

(a) In order to effect a correction of the Merger Consideration consisting of common stock of Red Robin to which certain Shareholders were entitled to pursuant to the Plan of Merger, concurrent with the closing of the transactions contemplated by this Agreement, (i) each Shareholder listed on Schedule B hereto agrees to surrender, or cause to be surrendered, to Red Robin the Shares issued to such Shareholder pursuant to Section 2.8 of the Plan of Merger and delivered to FINOVA Capital Corporation, a Delaware corporation (the "Lender"), pursuant to that certain Stock Pledge Agreement, dated September 6, 2000, by and among the Lender, Red Robin and certain shareholders of Red Robin (the "Finova Pledged Shares"), (ii) Red Robin agrees to mark the Finova Pledged Shares "cancelled," (iii) Red Robin agrees to issue to each such Shareholder that number of shares of common stock of Red Robin, par value $0.001 per share, set forth opposite such Shareholder's name on Schedule C hereto (the "Corrected Pledged Shares"), representing a portion of the shares of common stock of Red Robin to which such Shareholder was entitled to pursuant to the Plan of Merger, and (iv) in exchange for the Finova Pledged Shares, each such Shareholder agrees to deliver, or cause to be delivered, the Corrected Pledged Shares to the Lender.

(b) Red Robin and the Shareholders listed on Schedule B hereto acknowledge and agree that in order to effect the reallocation of the Merger Consideration no action is required with respect to (i) the Shares issued to such Shareholders in connection with the Plan of Merger and deposited with the Bank of New York, as Escrow Agent, pursuant to that

certain Escrow Agreement, dated May 11, 2000, by and among Red Robin, Red Robin West, the Former Shareholders and the Escrow Agent (the "Escrow Shares"), as set forth on Schedule D hereto, or (ii) the Shares pledged by Michael J. Snyder to Red Robin (the "Red Robin Pledged Shares"), as set forth on Schedule E hereto. Red Robin and each Shareholder listed on Schedule B hereto further acknowledge and agree that the Corrected Shares set forth on Schedule F hereto represent the portion of the Merger Consideration consisting of common stock of Red Robin to which such Shareholders was entitled to pursuant to the Plan of Merger.

(c) The reallocation of the Merger Consideration resulting herefrom shall be effective as of the effective date of the closing of the transactions contemplated by the Plan of Merger.

2. Reallocation of Debentures.

(a) Concurrent with the transactions contemplated by this Agreement, (i) each Shareholder listed on Schedule B hereto agrees to surrender, or cause to be surrendered, to the Indenture Trustee and/or Bunch Grass Leasing, as agent for and successor to Red Robin with respect to the Debentures, the Debentures issued to such Shareholder at the closing of the transactions contemplated by the Plan of Merger, (ii) the Indenture Trustee and/or Bunch Grass Leasing agree to mark such Debentures "cancelled," and (iii) the Indenture Trustee and/or Bunch Grass Leasing agree to issue to each such Shareholder that number of debentures set forth opposite such Shareholder's name on Schedule G hereto (the "Corrected Debentures"). The parties hereto acknowledge and agree that this Section 2 shall not alter or affect the satisfaction and release of Red Robin pursuant to Section 3 of that certain Assignment and Assumption Agreement, dated September 6, 2000, by and among Red Robin, the Indenture Trustee and Bunch Grass Leasing.

(b) The reallocation of the Merger Consideration resulting herefrom shall be effective as of the effective date of the closing of the transactions contemplated by the Plan of Merger.

3. Acknowledgment, Consent and Release by Former Shareholders. Each of the Former Shareholders, other than the Shareholders listed on Schedule B hereto, acknowledges and agrees that no reallocation of the Merger Consideration received by such Former Shareholders in connection with the Plan of Merger is required. Each of the Former Shareholders hereby consents to the correction, in accordance with this Agreement, of the allocation of the Merger Consideration consisting of Debentures and common stock of Red Robin to which the Shareholders listed on Schedule B hereto were entitled to pursuant to the Plan of Merger. Each of the Former Shareholders hereby releases Red Robin from any and all obligations or liabilities arising from or in connection with the transactions contemplated by this Agreement.

4. Merger Consideration Adjustment.

(a) Red Robin, SGC and the Former Shareholders acknowledge and agree that the Merger Consideration Adjustment calculated pursuant to Section 2.9 of the Plan of Merger equals $112,000 and has been finally determined in accordance with the Plan of Merger. Concurrent with the closing of the transactions contemplated by this Agreement and in fulfillment of Red Robin's obligations under Section 2.9 of the Plan of Merger: (A) Red Robin agrees to (i) issue to each Former Shareholder that number of shares of the common stock of Red Robin, par value $0.001 per share, set forth opposite such Former Shareholder's name on Schedule H hereto (the "Additional Shares"), (ii) deposit with the Indenture Trustee or Bunch Grass Leasing an amount in cash equal to $37,739.94, and (iii) deliver by cash or certified funds to each Former Shareholder the amount set forth opposite such Former Shareholder's name on Schedule I hereto (the "Additional Cash Consideration"); and (B) Bunch Grass Leasing and/or the Indenture Trustee agrees to issue to each Shareholder listed on Schedule B hereto that number of debentures listed opposite such Shareholder's

name on Schedule J hereto (the "Additional Debentures"). The parties acknowledge and agree that the performance of the obligations set forth in this Section 4(a) are deemed to be in full and complete satisfaction of the obligations of Red Robin pursuant to Section 2.9 of the Plan of Merger.

(b) The Merger Consideration Adjustment resulting herefrom shall be effective as of the date hereof.

5. Surrender of Certificates. Concurrent with the closing of the transactions contemplated by this Agreement, each Shareholder listed on Schedule B hereto has surrendered, or caused to be surrendered, to Red Robin and the Indenture Trustee or Bunch Grass Leasing, as provided herein, any certificate evidencing the Shares or the Debentures which are to be cancelled pursuant to

Sections 1 and 2 above. Each of the Shareholders listed on Schedule B hereto represents and warrants that each such certificate has not been pledged, encumbered, or transferred except to Red Robin or in accordance with the Pledge Agreement.

6. Amendment. This Agreement corrects and amends the Plan of Merger and the Trust Indenture. Except as amended hereby, the terms of the Plan of Merger and the Trust Indenture shall continue in full force and effect and shall not be modified in any manner and shall be controlling as to the enforcement and interpretation hereof. The Former Shareholders acknowledge that this Agreement represents an amendment to the Plan of Merger, and hereby consent to and approve such amendment pursuant to the authority of Section 228 of the Delaware General Corporation Law.

7. Representations and Warranties. By execution hereof, each person who is a party hereto represents and warrants that this Agreement has been duly authorized by such person, that such person has capacity to execute and be bound by the terms of this Agreement, and that this Agreement constitutes the valid, binding, and enforceable obligations of such person.

8. Incorporation. The recitals are incorporated in the body of this Agreement as if set forth at length.

9. Integration. The Schedules attached hereto, together with all documents incorporated by reference therein, form an integral part of this Agreement and are hereby incorporated into this Agreement wherever reference is made to them to the same extent as if they were set out in full at the point in which such reference is made.

10. Facsimile Signatures. This Agreement may be executed by facsimile signature. An executed copy delivered with a facsimile signature shall be deemed an original for all purposes hereof. Each party executing by a facsimile signature shall provide an original signed copy to the party entitled thereto within thirty (30) days of such delivery.

11. Counterparts. This Agreement and any amendment hereto may be executed in one or more counterparts and by different parties in separate counterparts. All of such counterparts shall constitute one and the same agreement and shall become effective (unless otherwise provided) when one or more counterparts have been signed by each party and delivered to the other parties.

12. Effective Date. This Agreement is effective upon the closing of the transactions contemplated by the Plan of Merger with respect to the issuance and delivery of the Corrected Pledged Shares and the Corrected Debentures to the Shareholders listed on Schedule B hereto and as of the date hereof with respect to the issuance and delivery of the Additional Shares, the Additional Debentures and the Additional Cash.

In witness whereof the parties have set forth their hands, effective as indicated herein.

Red Robin International, Inc.,
a Nevada corporation

By: /s/ James P. McCloskey

James P. McCloskey,
Chief Financial Officer

The Snyder Group Company,
a Delaware corporation

By:

Stephen Snyder,
Vice President

Red Robin West, Inc.,
a Nevada corporation

By: /s/ James P. McCloskey

James P. McCloskey,
Chief Financial Officer

Bunch Grass Leasing, LLC,
a Nevada limited liability company

By:

Rodney Bench,
Manager

Rodney Bench, trustee of the Trust
Indenture dated as of May 11, 2000

Michael J. Snyder

In witness whereof the parties have set forth their hands, effective as indicated herein.

Red Robin International, Inc.,
a Nevada corporation

By:

James P. McCloskey,
Chief Financial Officer

The Snyder Group Company,
a Delaware corporation

By: /s/ Stephen Snyder

Stephen Snyder,
Vice President

Red Robin West, Inc.,
a Nevada corporation

By:

James P. McCloskey,
Chief Financial Officer

Bunch Grass Leasing, LLC,
a Nevada limited liability company

By:

Rodney Bench,
Manager

Rodney Bench, trustee of the Trust
Indenture dated as of May 11, 2000

Michael J. Snyder

In witness whereof the parties have set forth their hands, effective as indicated herein.

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a Nevada corporation

By:

James P. McCloskey,
Chief Financial Officer

The Snyder Group Company,
a Delaware corporation

By:

Stephen Snyder,
Vice President

Red Robin West, Inc.,
a Nevada corporation

By:

James P. McCloskey,
Chief Financial Officer

Bunch Grass Leasing, LLC,
a Nevada limited liability company

By: /s/ Rodney Bench

Rodney Bench,
Manager

/s/ Rodney Bench

Rodney Bench, trustee of the Trust
Indenture dated as of May 11, 2000

Michael J. Snyder

In witness whereof the parties have set forth their hands, effective as indicated herein.

Red Robin International, Inc.,
a Nevada corporation

By:

James P. McCloskey,
Chief Financial Officer

The Snyder Group Company,
a Delaware corporation

By:

Stephen Snyder,
Vice President

Red Robin West, Inc.,
a Nevada corporation

By:

James P. McCloskey,
Chief Financial Officer

Bunch Grass Leasing, LLC,
a Nevada limited liability company

By:

Rodney Bench,
Manager

Rodney Bench, trustee of the Trust
Indenture dated as of May 11, 2000

/s/ Michael J. Snyder

Michael J. Snyder

The Stephen S. Snyder Intervivos Trust

By: /s/ Stephen Snyder

Stephen Snyder, Trustee

The Louise Snyder Intervivos Trust

By: /s/ Louise Snyder

Louise Snyder, Trustee

Michael E. Woods

Robert Merullo

Shamrock Investment Company,
a Washington general partnership

By:

Name:
Title:

George D. Hansen

Deborah Hansen

Beverly C. Brown

L.V. Brown, Jr.

The Stephen S. Snyder Intervivos Trust

By:

Stephen Snyder, Trustee

The Louise Snyder Intervivos Trust

By:

Louise Snyder, Trustee

/s/ Michael E. Woods

Michael E. Woods

/s/ Robert Merullo

Robert Merullo

Shamrock Investment Company,
a Washington general partnership

By:

Name:
Title:

George D. Hansen

Deborah Hansen

Beverly C. Brown

L.V. Brown, Jr.

The Stephen S. Snyder Intervivos Trust

By:

Stephen Snyder, Trustee

The Louise Snyder Intervivos Trust

By:

Louise Snyder, Trustee

Michael E. Woods

Robert Merullo

Shamrock Investment Company,
a Washington general partnership

By: /s/ George D. Hansen

Name:
Title:

/s/ George D. Hansen

George D. Hansen

/s/ Deborah Hansen

Deborah Hansen

/s/ Beverly C. Brown

Beverly C. Brown

L.V. Brown, Jr.

The Stephen S. Snyder Intervivos Trust

By:

Stephen Snyder, Trustee

The Louise Snyder Intervivos Trust

By:

Louise Snyder, Trustee

Michael E. Woods

Robert Merullo

Shamrock Investment Company,
a Washington general partnership

By:

Name:
Title:

George D. Hansen

Deborah Hansen

Beverly C. Brown

/s/ L.V. Brown, Jr.

L.V. Brown, Jr.

Schedule A

Former Shareholders

Michael J. Snyder
Stephen S. Snyder, as trustee of the Stephen S. Snyder Intervivos Trust

Louise A. Snyder, as trustee of the Louise A. Snyder Intervivos Trust
Michael E. Woods
Robert Merullo
Shamrock Investment Company, a Washington general partnership
George D. Hansen
Deborah Hansen
Beverly C. Brown
L.V. Brown, Jr.

Schedule B

Shareholders with Reallocations

Michael J. Snyder
Stephen S. Snyder, as trustee of the Stephen S. Snyder Intervivos Trust
Louise A. Snyder, as trustee of the Louise A. Snyder Intervivos Trust

Schedules C, D, E, F, G

<TABLE>
<CAPTION>

	Schedule C	Schedule D	Schedule E	Schedule F	Schedule G
Shareholder	Corrected Pledged Shares	Escrow Shares	Red Robin Pledged Shares	Corrected Shares	Corrected Debentures
<S>	<C>	<C>	<C>	<C>	<C>
M. Snyder	1,115,083	1,025,008	150,000	2,290,091	$5,540,482.37
S. Snyder Trust	632,542	512,504		1,145,046	$1,809,940.19
L. Snyder Trust	632,542	512,504		1,145,046	$1,809,940.19
TOTAL	2,380,167	2,050,016	150,000	4,580,183	$9,160,362.75

</TABLE>

Schedule H, I and J

Merger Consideration Adjustment

	Schedule H	Schedule I	Schedule J
Former Shareholder	Additional Shares	Additional Cash Consideration	Additional Debentures
M. Snyder	11,485	$ 4,100.03	$18,869.97
S. Snyder Trust	5,743	$ 2,050.02	$ 9,434.98
L. Snyder Trust	5,743	$ 2,050.02	$ 9,434.98
M. Woods	1,120	$ 2,240.59	-0-
R. Merullo	1,120	$ 2,240.59	-0-
Shamrock	2,222	$ 4,444.59	-0-
G. Hansen	141	$ 282.73	-0-
D. Hansen	138	$ 276.75	-0-
B. Brown	150	$ 299.37	-0-
L. Brown	150	$ 299.37	-0-
TOTAL	28,012	$18,284.06	$37,739.94

Exhibit 10.17

LOAN AGREEMENT

among

THE FINANCIAL INSTITUTIONS FROM
TIME TO TIME PARTIES HERETO,
as Lenders,

FINOVA CAPITAL CORPORATION,
as Agent for the Lenders,

and

RED ROBIN INTERNATIONAL, INC. AND ITS SUBSIDIARIES,
as Borrowers

September 6, 2000

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LIST OF SCHEDULES AND EXHIBITS TO LOAN AGREEMENT

<TABLE>
<S> <C>
Exhibit 1.1(A) - Form of Assignment and Acceptance Agreement
Exhibit 1.1(B) - Form of Compliance Certificate
Exhibit 1.1(C) - Form of Landlord's Agreement for Leasehold Mortgage Stores
Exhibit 1.1(D) - Form of Landlord's Agreement for Non-Leasehold Mortgage Stores

Schedule 5.3.1 - Borrower Equity Interests
Schedule 5.3.2 - Restrictions
Schedule 5.5.1 - Business and Property
Schedule 5.5.2 - License Agreements
Schedule 5.5.3 - Operating Agreements
Schedule 5.5.4 - Facility Sites, including Excluded Stores
Schedule 5.5.5 - Leases, including Excluded Leases
Schedule 5.5.6 - Real Estate, including Excluded Real Estate
Schedule 5.7.1 - Financial Statements
</TABLE>

LOAN AGREEMENT

This LOAN AGREEMENT, dated as of September 6, 2000, is among RED ROBIN INTERNATIONAL, INC., a Nevada corporation ("Red Robin"), RED ROBIN DISTRIBUTING COMPANY, INC., a Colorado corporation ("RR Distributing Sub"), RED ROBIN HOLDING CO., INC., a Nevada corporation ("RR Holding Sub"), RED ROBIN OF BALTIMORE COUNTY, INC., a Maryland corporation ("RR Baltimore Sub"), RED ROBIN OF ANNE ARUNDEL COUNTY, INC., a Maryland corporation ("RR Anne Arundel Sub"), each Additional Borrower (as defined below), the financial institutions from time to time parties hereto, as Lenders, and FINOVA CAPITAL CORPORATION, a Delaware corporation ("FINOVA"), in its individual capacity as a Lender, and as agent for all Lenders from time to time parties hereto. All capitalized terms used herein are defined in Section 1.1 below.

PRELIMINARY STATEMENT:

A. Borrowers desire to borrow $50,000,000 from Lenders to repay the Indebtedness to be Refinanced, to pay transaction costs and for working capital.

B. Borrowers are under common management, ownership and control. Accordingly, it is to the direct financial benefit of Borrowers jointly and severally to incur the obligations provided for herein.

C. Lenders have agreed to make the Loan upon the terms and subject to the conditions herein set forth.

NOW THEREFORE, it is agreed as follows:

ARTICLE I

DEFINITIONS AND DETERMINATIONS

1.1 Definitions. As used in this Loan Agreement and in the other Loan Instruments, unless otherwise expressly indicated herein or therein, the following terms shall have the following meanings (such meanings to be applicable equally to both the singular and plural forms of the terms defined):

Accountants: Deloitte & Touche LLP or any other independent certified public accounting firm selected by Borrowers and reasonably satisfactory to the Required Lenders.

Accounting Changes: as defined in Section 1.3.

ADA: the Americans with Disabilities Act of 1990, as amended, any successor statute thereto, and the rules and regulations issued thereunder, as in effect from time to time.

Additional Borrower: the Holding Company and each Subsidiary of any Borrower formed or acquired by such Borrower after the Closing Date.

Additional Sums: as defined in subsection 2.6.2.

AEI: AEI Net Lease Income & Growth Fund XX Limited Partnership.

AEI Indebtedness: the Indebtedness for Borrowed Money owed by Borrowers to AEI as of the Closing Date.

AEI Indebtedness Instruments: all documents, instruments and

agreements evidencing, securing or governing the terms of repayment of the AEI Indebtedness.

AEI Indebtedness Liens: the Liens existing as of the Closing Date on the Excluded Personal Property at the Existing Store located at 1410 Jamboree Drive, Colorado Springs, Colorado (Site No. 207) granted to secure the AEI Indebtedness.

Affiliate: any Person that directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with another Person. The term "control" means possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or equity interests, by contract or otherwise. For the purposes hereof any Person which owns or controls, directly or indirectly, 10% or more of the securities or equity interests, as applicable, whether voting or non-voting, of any other Person shall be deemed to "control" such Person.

Agent: FINOVA, in its capacity as agent for Lenders under the Loan Instruments, and any successor to FINOVA in such capacity appointed pursuant to Section 9.16.

Annualized: shall mean, with respect to EBITDA, Operating Cash Flow, Non-Financed Capital Expenditures (other than Franchisee Loans), Debt Service or Rent Expense:

(i) for the Red Robin Fiscal Quarter ending on the last Sunday of the fortieth week of 2000, EBITDA, Operating Cash Flow, Non-Financed Capital Expenditures, Debt Service or Rent Expense, as applicable, for such Red Robin Fiscal Quarter divided by 3 and multiplied by 13;

(ii) for the two Red Robin Fiscal Quarters ending on the last Sunday of Red Robin Fiscal Year 2000, EBITDA, Operating Cash Flow, Non-Financed Capital Expenditures, Debt Service or Rent Expense, as applicable, for such period divided by 6 and multiplied by 13;

(iii) for the three Red Robin Fiscal Quarters ending on the last Sunday of the sixteenth week of 2001, EBITDA, Operating Cash Flow, Non-Financed Capital Expenditures, Debt Service or Rent Expense, as applicable, for such period divided by 10 and multiplied by 13.

Arvada Sub: Arvada Restaurants, Inc., a Washington corporation.

Assignee: any Person to which a Loan Assignment is made in compliance with the provisions of subsection 9.1.1.

Assignment and Acceptance: an assignment and acceptance agreement to be executed in connection with each Loan Assignment substantially in the form of Exhibit 1.1(A).

Assignment of Key Man Life Insurance: a collateral assignment of the Key Man Life Insurance dated as of the Closing Date from Red Robin to Agent.

Bankruptcy Code: the United States Bankruptcy Code and any successor statute thereto, and the rules and regulations issued thereunder, as in effect from time to time.

Basic Financial Statements: as defined in subsection 6.3.2.

Bird Purchasing Sub: Bird Purchasing, Inc., a Washington corporation.

Bonnyville: Bonnyville Construction Company, a Colorado corporation.

Bonnyville Indebtedness: the Indebtedness for Borrowed Money owed by Borrowers to Bonnyville as of the Closing Date.

Bonnyville Indebtedness Instruments: all documents, instruments and

agreements evidencing, securing or governing the terms of repayment of the Bonnyville Indebtedness.

Bonnyville Indebtedness Liens: the Liens existing as of the Closing Date in the building comprising the Existing Store located at 1021 North Columbia Center Boulevard, Kennewick, Washington (Site No. 231) granted to secure the Bonnyville Indebtedness.

Borrower Equity Interests: all of the issued and outstanding equity interests of each Borrower, and all warrants, options and other rights to acquire equity interests of each Borrower.

Borrowers: Red Robin, RR Distributing Sub, RR Holding Sub, RR Baltimore Sub, RR Anne Arundel Sub and each Additional Borrower.

Borrowers' Obligations: (i) any and all Indebtedness due or to become due, now existing or hereafter arising, of Borrowers to Lenders or Agent pursuant to the terms of this Loan Agreement or any other Loan Instrument or otherwise, including, without limitation, the Loan Fees, and (ii) the performance of the covenants of each Borrower contained in the Loan Instruments.

Borrower Subsidiary Capital Stock: all of the issued and outstanding capital stock and options, warrants and other rights to acquire capital stock of RR Distributing Sub, RR Holding Sub, RR Baltimore Sub and RR Anne Arundel Sub.

Borrower Subsidiary Pledge Agreement: a pledge agreement executed by the holders of the Borrower Subsidiary Capital Stock in favor of Agent covering the Borrower Subsidiary Capital Stock.

Business Day: any day other than a Saturday, Sunday or other day on which banks in Phoenix, Arizona or New York, New York are required to close.

Business Insurance: such property, casualty, liability, business interruption and other insurance as Agent from time to time reasonably requires the Borrowers to maintain.

Capital Expenditures: without duplication, payments that are made or liabilities that are incurred by a Person for the lease, purchase, improvement, construction or use of any Property, the value or cost of which under GAAP is required to be capitalized and appears on such Person's balance sheet in the category of property, plant, equipment or leasehold improvements, without regard to the manner in which such payments or the instruments pursuant to which they are made are characterized, including, without limitation or duplication, payments for or liabilities incurred with respect to the installment purchase of Property and payments under Capitalized Leases and Franchisee Loans, but specifically excluding capitalized interest.

Capitalized Lease: any lease of Property, the obligations for the rental of which are required to be capitalized in accordance with GAAP.

Captec: collectively, one or more of Captec Financial Group, Inc. and Captec Leasing Company.

Captec Indebtedness: the Indebtedness for Borrowed Money owed by Borrowers to Captec as of the Closing Date.

Captec Indebtedness Instruments: all documents, instruments and agreements evidencing, securing or governing the terms of repayment of the Captec Indebtedness.

Captec Indebtedness Liens: the Liens existing as of the Closing Date on (i) the Excluded Personal Property at the Existing Stores located at 13056 Fair Lakes Shopping Center, Fairfax, Virginia (Site No. 103), 1085 Lake Drive, Issaquah, Washington (Site No.108), 1701 William D. Tate

Avenue, Grapevine, Texas (Site No. 114) and 7708 West Long Drive, Littleton, Colorado (Site No. 210), (ii) the Excluded Leases of the Existing Stores located at 1085 Lake Drive, Issaquah, Washington (Site No.108), 1701 William D. Tate Avenue, Grapevine, Texas (Site No. 114), 701 East Harmony Road, Fort Collins, Colorado (Site No. 209), 7708 West Long Drive, Littleton, Colorado (Site No. 210) and 63 West Centennial Boulevard, Highlands Ranch, Colorado (Site No. 211) and (iii) the Excluded Real Estate consisting of the Existing Stores located at 1208 Colusa Avenue, Yuba City, California (Site No. 78), 12625 Frederick, Suite M, Moreno Valley, California (Site No. 85), 13056 Fair Lakes Shopping Center, Fairfax, Virginia (Site No. 103) and 610 Middletown Boulevard, Langhorne, Pennsylvania 19047 (Site No. 105); in each case granted to secure the applicable Captec Indebtedness.

Closing: the disbursement of the Loan.

Closing Certificate: a closing certificate executed by Borrowers to
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Agent.

Closing Date: the date upon which the Closing occurs.

Code: the Internal Revenue Code of 1986, as amended, any successor
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statute thereto, and the rules and regulations issued thereunder, as in effect from time to time.

Collateral: (i) all existing and after-acquired Property of each
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Borrower, including, without limitation, all existing and after-acquired accounts, furniture, fixtures, equipment, inventory and general intangibles, all Real Estate and all Leases, but, subject to the terms and conditions of Section 6.17, specifically excluding (A) the Excluded Personal Property, (B) the Excluded Leases, (C) the

Excluded Real Estate, (D) the Real Estate Held for Sale and (E) the Unencumbered Property, (ii) the Borrower Subsidiary Capital Stock, (iii) the Pledged Red Robin Capital Stock, (iv) upon and after the consummation of the Corporate Reorganization, the Red Robin Capital Stock and (v) all proceeds of the foregoing.

Compliance Certificate: a compliance certificate executed by the Chief
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Financial Officer of each Borrower substantially in the form of Exhibit 1.1(B).

Corporate Reorganization: the contribution by the holders of all of
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the Red Robin Capital Stock to the Holding Company in exchange for capital stock of the Holding Company, resulting in Red Robin becoming a wholly-owned subsidiary of the Holding Company.

Corporate Reorganization Documents: all documents, instruments and
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agreements executed in connection with the Corporate Reorganization, each of which shall be approved in advance of the execution and delivery thereof by Agent, which approval shall not be unreasonably withheld or delayed, including, without limitation (i) all agreements among the holders of the Red Robin Capital Stock pertaining to the Corporate Reorganization, (ii) all agreements among the holders of the Holding Company Capital Stock, (iii) the articles of incorporation and by-laws of the Holding Company, (iv) any amendments to the articles of incorporation or by-laws of Red Robin as a result of the Corporate Reorganization and (v) all authorizations and consents required under the Leases, any material agreements to which Red Robin is subject or otherwise under applicable law for the consummation of the Corporate Reorganization.

Debentures: the debentures issued by Red Robin to the shareholders of
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Snyder Group pursuant to the Snyder Group Merger Agreement.

Debt Service: for any period shall mean all payments of principal and
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interest paid or accrued with respect to all Indebtedness for Borrowed Money of Borrowers during such period.

Debt Service Coverage Ratio: as of the last day of any Red Robin
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Fiscal Quarter shall mean:

(i) for the Red Robin Fiscal Quarter ending on the last Sunday of the fortieth week of 2000, the ratio of (i) Annualized Operating Cash Flow for such Red Robin Fiscal Quarter less, to the extent capitalized, Annualized Non-Financed Capital Expenditures for such Red Robin Fiscal Quarter to (ii) Annualized Debt Service for such Red Robin Fiscal Quarter;

(ii) for the two Robin Fiscal Quarters ending on the last Sunday of Red Robin Fiscal Year 2000, the ratio of (i) Annualized Operating Cash Flow for such period less, to the extent capitalized, Annualized Non-Financed Capital Expenditures for such period to (ii) Annualized Debt Service for such period;

(iii) for the three Red Robin Fiscal Quarters ending on the last Sunday of the sixteenth week of 2001, the ratio of (i) Annualized Operating Cash Flow for such period less, to the extent capitalized, Annualized Non-Financed Capital Expenditures for such period to (ii) Annualized Debt Service for such period; and

(iv) for the Four Quarter Period ending on the last Sunday of the twenty-eighth week of 2001 and the last day of each Red Robin Fiscal Quarter thereafter, the ratio of (i) Operating Cash Flow for the Four Quarter Period then ending less, to the extent capitalized, Non-Financed Capital Expenditures for such Four Quarter Period to (ii) Debt Service for such Four Quarter Period.

Default Rate: 14.87% per annum.

Default Rate Period: a period of time commencing on the date that an Event of Default has occurred and ending on the date that such Event of Default is cured or waived.

Denver Restaurant Sub: Denver Restaurant Investments Co. #2, a Colorado corporation.

Denver Restaurants Sub: Denver Restaurants Investments, Co., a Colorado corporation.

Denver Restaurants Investments Sub: Denver Restaurants Investments Co. #2, a Colorado corporation.

Dollars: lawful currency of the United States.

EBITDA: for any period, without duplication, the consolidated net income of the Borrowers before interest, taxes, depreciation and amortization for such period, plus the Pre-Opening Expenses for such period, all as determined in accordance with GAAP.

Employee Benefit Plan: any employee benefit plan within the meaning of Section 3(3) of ERISA which (i) is maintained for employees of any Borrower or any ERISA Affiliate or (ii) with respect to which any Borrower or any ERISA Affiliate has or reasonably could be expected to have any contingent liability.

Environmental Audit: such database and records searches as Agent deems necessary with respect to a parcel of real estate.

Environmental Phase I Report: (i) a Phase I audit report with respect to a parcel of real estate and such other studies and reports as Agent deems necessary after review of the results of such Phase I audit, including, if required by Agent, soil and ground water tests, each such report and study to be pursuant to ASTME 1527-97 current standards and otherwise in form and content and issued by an environmental engineer acceptable to Agent and (ii) a letter from each Person issuing each such report or study entitling Lenders to rely thereon.

Environmental Laws: any and all applicable federal, state and local

laws that relate to or impose liability or standards of conduct concerning public or occupational health and safety or protection of the environment, as now or hereafter in effect and as have been or hereafter may be amended or reauthorized, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C.Section 9601 et seq.), the Hazardous Materials Transportation Act (42 U.S.C.Section 1802 et seq.), the Resource Conservation and Recovery Act (42 U.S.C.Section 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C.Section 1251 et seq.), the Toxic Substances Control Act (15 U.S.C.Section 2601 et seq.), the Clean Air Act (42 U.S.C.Section 7901 et seq.), the National Environmental Policy Act (42 U.S.C.Section 4231, et seq.), the Refuse Act (33 U.S.C.Section 407,

et seq.), the Safe Drinking Water Act (42 U.S.C.Section 300(f) et seq.), the Occupational Safety and Health Act (29 U.S.C.Section 651 et seq.), and all rules, regulations, codes, ordinances and guidance documents promulgated or published thereunder, and the provisions of any licenses, permits, orders and decrees issued pursuant to any of the foregoing.

Equity Instruments: the articles of incorporation and by-laws of each Borrower, the Shareholders Agreement, the Registration Rights Agreement , the Red Robin Stock Option Plan and all other similar documents and instruments entered into with respect to the Borrower Equity Interests as of the Closing Date.

Equity Interests: collectively, all of the issued and outstanding capital stock of, partnership interests in, limited liability company membership interests in and other equity interests in Red Robin and each of its Subsidiaries and all warrants, options and other rights to purchase capital stock of, partnership interests in, limited liability company membership interests in and other equity interests in Red Robin and each of its Subsidiaries.

ERISA: the Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto, and the rules and regulations issued thereunder, as in effect from time to time.

ERISA Affiliate: any Person who is a member of a group which is under common control with any Borrower, who together with such Borrower is treated as a single employer within the meaning of Section 414(b), (c) and (m) of the Code.

Event of Default: any of the Events of Default set forth in Section 8.1.

Excess Interest: as defined in subsection 2.6.2.

Excluded Leases: the Leases identified on Schedule 5.5.5 as an "Excluded Lease."

Excluded Personal Property: all furniture, fixtures and equipment located at the Existing Stores described in Schedule 5.5.4 as "Excluded Stores."

Excluded Real Estate: the Real Estate identified on Schedule 5.5.6 as "Excluded Real Estate."

Existing Stores: the Red Robin Burgers & Spirits Emporium or Red Robin Grill & Spirits Emporium restaurants of the Borrowers described in Schedule 5.5.4.

Fee Letter Agreement: the Fee Letter Agreement of even date herewith

among Borrowers and Agent.

FINOVA: as defined in the Preamble to this Loan Agreement.

Fixed Charge Coverage Ratio: as of the last day of any Red Robin
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Fiscal Quarter shall mean:

(i) for the Red Robin Fiscal Quarter ending on the last Sunday of the fortieth week of 2000, the ratio of (i) Annualized Operating Cash Flow for such Red Robin Fiscal

Quarter less, to the extent capitalized, Annualized Non-Financed
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Capital Expenditures for such Red Robin Fiscal Quarter plus Annualized
Rent Expense for such Red Robin Fiscal Quarter to (ii) Annualized Debt
Service for such Red Robin Fiscal Quarter plus Annualized Rent Expense
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for such Red Robin Fiscal Quarter;

(ii) for the two Red Robin Fiscal Quarters ending on the last Sunday of Red Robin Fiscal Year 2000, the ratio of (i) Annualized Operating Cash Flow for such period less, to the extent capitalized,
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Annualized Non-Financed Capital Expenditures for such period plus
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Annualized Rent Expense for such period to (ii) Annualized Debt
Service for such period plus Annualized Rent Expense for such period;

(iii) for the three Red Robin Fiscal Quarters ending on the last Sunday of the sixteenth week of 2001, the ratio of (i) Annualized Operating Cash Flow for such period less, to the extent capitalized,
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Annualized Non-Financed Capital Expenditures for such period plus
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Annualized Rent Expense for such period to (ii) Annualized Debt
Service for such period plus Annualized Rent Expense for such period
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and

(iv) for the Four Quarter Period ending on the last Sunday of the twenty-eighth week of 2001 and the last day of each Red Robin Fiscal Quarter thereafter, the ratio of (i) Operating Cash Flow for the Four Quarter Period then ending less, to the extent capitalized,
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Non-Financed Capital Expenditures for such Four Quarter Period plus
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Rent Expense for such Four Quarter Period to (ii) Debt Service for such Four Quarter Period plus Rent Expense for such Four Quarter
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Period.

Four Quarter Period: any period of four consecutive Red Robin Fiscal
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Quarters.

Franchisee Loans: unpaid franchise fees owed by franchisees of Red
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Robin which have been converted to secured or unsecured debt obligations owing to Red Robin, which debt obligations are due and payable in full more than twelve months from the original date the same were converted from franchise fees owing to Red Robin.

GAAP: generally accepted accounting principles as in effect from time
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to time, which shall include but shall not be limited to the official interpretations thereof by the Financial Accounting Standards Board or any successor thereto.

GE: General Electric Capital Corporation.
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GE Indebtedness: all Indebtedness for Borrowed Money of Borrowers
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hereafter owed to General Electric Capital Corporation.

GE Indebtedness Instruments: all documents, instruments and agreements
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evidencing, securing or governing the terms of repayment of the GE

Indebtedness.

GE Indebtedness Liens: the Liens on the Excluded Personal Property and the Excluded Leases of the Existing Stores located at 2230 Southgate Road, Colorado Springs, Colorado (Site No. 15), 3909 Factoria Boulevard S.E., Bellevue, Washington (Site No. 147), 2575 South Decatur Boulevard, Las Vegas, Nevada (Site No. 148), 725 West Main, Spokane, Washington (Site No. 151), 1300 West Sunset Road #2545, Henderson, Nevada (Site No. 152), 40820 Winchester Road #1070,

Temecula, California (Site No. 158), 10101 Brook Road, Glen Allen, Virginia (Site No. 153), 1553 Rio Road East, Charlottesville, Virginia (Site No. 157) and 428 Plaza Drive, West Covina, California (Site No. 160) now or hereafter granted to secure the GE Indebtedness.

Good Funds: Dollars available in federal funds to Agent at or before 3:00 p.m., eastern time, on a Business Day.

Governmental Body: any foreign, federal, state, municipal or other government, or any department, commission, board, bureau, agency, public authority or instrumentality thereof or any court or arbitrator.

Hazardous Materials: any hazardous, toxic, dangerous or other waste, substance or material defined as such in, regulated by or for purposes of any Environmental Law.

Holding Company: a subchapter C Corporation formed after the Closing Date to hold all of the Red Robin Capital Stock.

Holding Company Capital Stock: all of the issued and outstanding capital stock and options, warrants and other rights to acquire capital stock of the Holding Company.

Inactive Subsidiaries: Arvada Sub, Bird Purchasing Sub, Denver Restaurant Sub, Denver Restaurants Sub, Denver Restaurants Investments Sub, RR Addison Sub, RR Colorado Sub, RR Grapevine Sub, RR New York Sub, RR Oregon Sub and Snyder Investments Sub.

Incipient Default: any event or condition which, with the giving of notice or the lapse of time, or both, would become an Event of Default.

Indebtedness: all liabilities, obligations and reserves, contingent or otherwise, which, in accordance with GAAP, would be reflected as a liability on a balance sheet or would be required to be disclosed in a financial statement, including, without duplication: (i) Indebtedness for Borrowed Money, (ii) obligations secured by any Lien upon Property, (iii) guaranties, letters of credit and other contingent obligations, and (iv) liabilities in respect of unfunded vested benefits under any Pension Plan or in respect of withdrawal liabilities incurred under ERISA by any Borrower or any ERISA Affiliate to any Multiemployer Plan.

Indebtedness for Borrowed Money: without duplication, all Indebtedness (i) in respect of money borrowed, (ii) evidenced by a note, debenture or other like written obligation to pay money (including, without limitation, all of Borrowers' Obligations, the AEI Indebtedness, the Orix Indebtedness, the MetLife Indebtedness, the Captec Indebtedness, the Bonnyville Indebtedness, the GE Indebtedness and Purchase Money/Capitalized Lease Indebtedness), (iii) in respect of rent or hire of Property under Capitalized Leases or for the deferred purchase price of Property, (iv) in respect of obligations under conditional sales or other title retention agreements, and (v) all guaranties of any or all of the foregoing.

Indebtedness to be Refinanced: all Indebtedness for Borrowed Money owed by any Borrower immediately prior to the Closing not permitted to exist as of the Closing Date under Section 7.1.

Instruments: collectively, the Loan Instruments, the Equity

Instruments, the Quad-C Investment Instruments, the Snyder Group Merger Instruments, the Snyder Employment Instruments, the Quad-C Consulting Agreement and the Leases.

Key Man Life Insurance: a life insurance policy on the life of Snyder required pursuant to subsection 6.6.1 in an amount not less than $10,000,000.

Landlord: a lessor under a Lease.

Landlord's Agreement: with respect to the Landlord under (i) each Lease encumbered by a Leasehold Mortgage, a landlord's agreement substantially in the form of Exhibit 1.1(C) and (ii) each Lease not encumbered by a Leasehold Mortgage, a landlord's agreement substantially in the form of Exhibit 1.1(D).

Lease: any lease of real estate under which a Borrower is the lessee.

Leasehold Mortgages: leasehold mortgages or leasehold deeds of trust, in form and substance reasonably satisfactory to Agent, executed by each Borrower in favor of Agent encumbering such Borrower's right, title and interest in, to and under each Lease other than the Excluded Leases.

Leasehold Property: any real estate which is the subject of a Lease.

Lenders: collectively, FINOVA and each Assignee.

Leverage Ratio: as of the last day of any Red Robin Fiscal Quarter, the ratio of (i) the aggregate principal balance of all Indebtedness for Borrowed Money of Borrowers as of such last day to (ii) for the (A) Red Robin Fiscal Quarter ending on the last Sunday of the fortieth week of 2000, Annualized EBITDA for such Red Robin Fiscal Quarter, (B) two Red Robin Fiscal Quarters ending on the last Sunday of Red Robin Fiscal Year 2000, Annualized EBITDA for such period; (C) three Red Robin Fiscal Quarters ending on the last Sunday of the sixteenth week of 2001, Annualized EBITDA for such period; and (D) for the Red Robin Fiscal Quarter ending on the last Sunday of the twenty-eighth week of 2001, and the last day of each Red Robin Fiscal Quarter thereafter, EBITDA for the Four Quarter Period then ending.

Licenses: all licenses, permits, consents, approvals and authority issued by any Governmental Body in connection with the operation of Borrowers' Restaurant Business.

Lien: any mortgage, pledge, assignment, lien, charge, encumbrance or security interest of any kind, or the interest of a vendor or lessor under any conditional sale agreement, Capitalized Lease or other title retention agreement.

Loan: the term loan in the amount of $50,000,000 to be made by Lenders to Borrowers pursuant to Section 2.1.

Loan Agreement: this Loan Agreement and any amendments or supplements hereto.

Loan Assignment: the assignment by a Lender of any portion of such Lender's interest in Borrowers' Obligations and its rights and obligations under the Loan Instruments with respect thereto.

Loan Fees: the fees payable by Borrowers to Agent pursuant to the Fee Letter Agreement.

Loan Instruments:

(i) Loan Agreement;

(ii) Note;

(iii) Security Instruments;

(iv) Closing Certificate;

(v) Solvency Certificate;

(vi) Notice of Borrowing;

(vii) Fee Letter Agreement;

(viii) Uniform Commercial Code financing statements required by Agent; and

(ix) such other instruments and documents as Agent reasonably may require in connection with the transactions contemplated by this Loan Agreement.

Loan Year: a period of time from the Closing Date or any anniversary of the Closing Date to the immediately succeeding anniversary of the Closing Date.

Make Whole Date: as defined in Section 2.4.

Make Whole Payment Stream: as defined in Section 2.4.

Make Whole Premium: as defined in Section 2.4.

Make Whole Rate: as defined in Section 2.4.

Material Adverse Effect: (i) a material adverse effect upon the business, operations, Property, profits or financial condition of Borrowers taken as a whole or upon the validity, enforceability or priority of the Security Interests or (ii) a material impairment of the ability of any Borrower to perform its obligations under any Loan Instrument to which it is a party or of Agent or any Lender to enforce or collect any of Borrowers' Obligations.

Maturity Date: the earlier of (i) September 30, 2012 and (ii) the date on which Borrowers' Obligations are accelerated pursuant to this Loan Agreement.

Maximum Rate: as defined in subsection 2.6.2.

MetLife: MetLife Capital Corporation.

MetLife Indebtedness: the Indebtedness for Borrowed Money owed by Borrowers to MetLife as of the Closing Date.

MetLife Indebtedness Instruments: all documents, instruments and agreements evidencing, securing or governing the terms of repayment of the MetLife Indebtedness.

MetLife Indebtedness Liens: the Liens existing as of the Closing Date on (i) the Excluded Personal Property at the Existing Stores located at 4949 Great Northern Boulevard, North Olmstead, Ohio (Site No. 104), 63 West Centennial Boulevard, Highlands Ranch, Colorado (Site No. 211) and South Park Meadows Center Drive, Littleton, Colorado (Site No. 212) and (ii) the Excluded Real Estate comprised of the Existing Store located at 4949 Great Northern Boulevard, North Olmstead, Ohio (Site No. 104); in each case granted to secure the applicable MetLife Indebtedness.

Mortgage: mortgages or deeds of trust, in form and substance reasonably satisfactory to Agent, executed by each Borrower in favor of Agent encumbering such Borrower's right, title and interest in, to and under each parcel of Real Estate other than, subject to Section 6.17, the Excluded Real Estate and the Real Estate Held for Sale.

Multiemployer Plan: any multiemployer plan as defined pursuant to

Section 3(37) of ERISA to which any Borrower or any ERISA Affiliate makes, or accrues an obligation to make, contributions, or has made, or been obligated to make, contributions within the preceding six years.

New Stores: Red Robin Burgers & Spirits Emporium or Red Robin Grill & Spirits Emporium restaurants acquired or opened for business after the Closing Date by any Borrower.

Non-Financed Capital Expenditures: for any period, the aggregate amount of all Capital Expenditures of Borrowers not financed with the proceeds of the Loan, the GE Indebtedness or Purchase Money/Capitalized Lease Indebtedness.

Notice of Borrowing: a notice of borrowing/disbursement request from Borrowers to Agent.

Note: the promissory note dated the Closing Date executed by Borrowers payable to the order of FINOVA in the amount of the Loan, and any notes issued in substitution therefor pursuant to subsection 9.1.4.

Obligors: collectively, each Borrower and each Red Robin Holder.

Operating Agreements: all right-of-entry agreements, access agreements, advertising contracts, equipment leases, service contracts and similar agreements relating to the operation of the Restaurant Business of the Borrowers, excluding the Leases.

Operating Cash Flow: for any period, without duplication, the consolidated net income (or loss) of Borrowers for such period:

(i) plus the sum of the following, to the extent deducted in determining such net income for such period:

(A) losses from sales, exchanges and other dispositions of Property and other non-recurring losses not in the ordinary course of business;

(B) interest paid or accrued on Indebtedness, including, without limitation, interest on Capitalized Leases that is imputed in accordance with GAAP;

(C) depreciation and amortization of assets;

(D) income taxes which are accrued, but not paid;

(E) Pre-Opening Expenses;

(F) Quad-C Fees which are accrued, but not paid, for such period; and

(G) any other non-cash item deducted in determining such net income;

(ii) minus the sum of the following, to the extent included in determining such net income for such period:

(A) gains from sales, exchanges and other dispositions of Property and other non-recurring gains not in the ordinary course of business;

(B) proceeds of Business Insurance, other than business interruption insurance;

(C) Quad-C Fees paid in cash for such period on account of Quad-C Fees accrued and unpaid for a preceding period; and

(iii) minus the aggregate amount of all dividends, distributions and other expenditures with respect to the Borrower Equity Interests of Red Robin paid during such period.

Operating Lease: any lease which, under GAAP, is not required to be

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capitalized.

Orix: Orix USA Corporation.

Orix Indebtedness: the Indebtedness for Borrowed Money owed by
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Borrowers to Orix as of the Closing Date.

Orix Indebtedness Instruments: all documents, instruments and
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agreements evidencing, securing or governing the terms of repayment of the Orix Indebtedness.

Orix Indebtedness Liens: the Liens existing as of the Closing Date on
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the Excluded Personal Property at the Existing Store located at 7460 W. 52nd Avenue, Arvada, Colorado (Site No. 204) granted to secure the Orix Indebtedness.

Participant: any Person to which a Lender sells or assigns a

Participation.

Participation: a sale or any assignment by a Lender of a participating
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interest in (i) any portion of such Lender's interest in Borrowers' Obligations and (ii) any of such Lender's other rights under any of the Loan Instruments.

Pay-Off Letter: a pay-off letter from each holder of the Indebtedness
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to be Refinanced addressed to Agent.

PBGC: the Pension Benefit Guaranty Corporation or any Governmental
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Body succeeding to the functions thereof.

Pension Plan: any Employee Benefit Plan, other than a Multiemployer
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Plan, which is subject to the provisions of Part 3 of Title I of ERISA, Title IV of ERISA, or Section 412 of the Code and (i) which is maintained for employees of any Borrower or any ERISA Affiliate, or (ii) with respect to which any Borrower or any ERISA Affiliate has or reasonably could be expected to have any contingent liability.

Permitted Liens: any of the following Liens:

(i) the Security Interests;

(ii) the Purchase Money/Capitalized Lease Indebtedness Liens, the AEI Indebtedness Liens, the Orix Indebtedness Liens, the MetLife Indebtedness Liens, the Captec Indebtedness Liens, the Bonnyville Indebtedness Liens and the GE Indebtedness Liens;

(iii) Liens for taxes or assessments and similar charges, which either are (A) not delinquent or (B) being contested diligently and in good faith by appropriate proceedings, and as to which the applicable Borrower has set aside reserves on its books in accordance with GAAP;

(iv) statutory Liens, such as mechanic's, materialman's, warehouseman's, carrier's or other like Liens, incurred in good faith in the ordinary course of business, provided that the underlying obligations relating to such Liens are paid in the ordinary course of business, or are being contested diligently and in good faith by appropriate proceedings and as to which the applicable Borrower has set aside reserves on its books in accordance with GAAP, or the payment of which obligations are otherwise secured in a manner reasonably satisfactory to Agent;

(v) zoning ordinances, easements, licenses, reservations, provisions, covenants, conditions, waivers or restrictions on the use of Property and other title exceptions, in each case, that are reasonably acceptable to Agent;

(vi) Liens in respect of judgments or awards with respect to which no Event of Default would exist pursuant to subsection 8.1.6; and

(vii) Liens to secure payment of insurance premiums (A) to be

paid in accordance with applicable laws in the ordinary course of business relating to payment of worker's compensation, or (B) that are required for the participation in any fund in

connection with worker's compensation, unemployment insurance, old-age pensions or other social security programs.

Permitted Prior Liens: any of the following Liens:

(i) the Purchase Money/Capitalized Lease Indebtedness Liens;

(ii) the Permitted Liens described in clauses (iii) and (iv) of the definition of Permitted Liens that are accorded priority to the Security Interests by law; and

(iii) the Permitted Liens described in clauses (v) and (vii) of the definition of Permitted Liens, subject to the limitations or requirements set forth therein.

Person: any individual, firm, corporation, business enterprise, trust, association, joint venture, partnership, Governmental Body or other entity, whether acting in an individual, fiduciary or other capacity.

Pledge Agreements: the Borrower Subsidiary Pledge Agreement and the Red Robin Pledge Agreement.

Pledged Red Robin Capital Stock: 90% of the sum of (i) all of the issued and outstanding shares of capital stock of Red Robin as of the Closing Date and (ii) shares of capital stock of Red Robin issuable in respect of all warrants, options and other rights to acquire shares of capital stock of Red Robin issued and outstanding as of the Closing Date which are exercisable as of the Closing Date.

Pre-Opening Expenses: for any period, expenses actually incurred by Borrowers during such period in connection with the opening of Stores to the extent such expenses do not exceed $170,000 for any such Store.

Prepayment Premium: the prepayment premium payable pursuant to subsection 2.1.7.

Principal Balance: the unpaid principal balance of the Loan or any specified portion thereof outstanding from time to time.

Property: all types of real, personal or mixed property and all types of tangible or intangible property.

Purchase Money/Capitalized Lease Indebtedness: collectively, Indebtedness for Borrowed Money, other than Borrowers' Obligations, the Bonnyville Indebtedness, the Captec Indebtedness, the MetLife Indebtedness, the Orix Indebtedness, the AEI Indebtedness and the GE Indebtedness, incurred by any Borrower to purchase tangible personal property or Indebtedness for Borrowed Money incurred by any Borrower to lease tangible personal property pursuant to Capitalized Leases, provided that (i) such Indebtedness for Borrowed Money existing as of the Closing Date, including, without limitation, the Indebtedness for Borrowed Money owed by Borrowers to NEC, IBM, Norwest Bank and U.S. Bank, shall not exceed $418,425, (ii) during any Loan Year after the Closing Date the amount of such Indebtedness for Borrowed Money at any one time outstanding and after the Closing Date shall not exceed $1,000,000 and (iii) no Event of Default exists at the time or will

be created as a result of the incurrence of any Indebtedness for Borrowed Money described in clause (ii) of this definition.

Purchase Money/Capitalized Lease Indebtedness Instruments: all documents, instruments and agreements evidencing, securing or governing the terms of repayment of the Purchase Money/Capitalized Lease Indebtedness Instruments.

Purchase Money/Capitalized Lease Indebtedness Liens: Liens that secure Purchase Money/Capitalized Lease Indebtedness, provided that (i) each such Lien attaches only to the Property purchased or leased with the proceeds of the Purchase Money/Capitalized Lease Indebtedness incurred with respect to such Property and (ii) to the extent not otherwise prohibited by the applicable Purchase Money/Capitalized Lease Indebtedness Instruments, Agent is granted a Lien upon such Property, subordinate only to the Lien granted to the holder of the applicable Purchase Money/Capitalized Lease Indebtedness.

Quad-C Consulting Agreement: that certain Consulting Services Agreement dated May 11, 2000 among Red Robin and Quad-C Management, Inc.

Quad-C Fees: the fees payable to Quad-C Management under the Quad-C Consulting Agreement as in effect on the Closing Date.

Quad-C Investment: the purchase by RR Investors and RR Investors II of shares of common stock of Red Robin and all other transactions contemplated by the Quad-C Investment Agreement.

Quad-C Investment Agreement: that certain Stock Subscription Agreement dated as of February 18, 2000 among Red Robin, RR Investors and RR Investors II.

Quad-C Investment Instruments: the Quad-C Investment Agreement and all other documents, instruments and agreements executed and delivered pursuant to the terms thereof.

Quad-C Management: Quad-C Management, Inc., a Delaware corporation.

Qualified Depository: a member bank of the Federal Reserve System having a combined capital and surplus of at least $500,000,000.

Ratable Share: as to any Lender at any time, the proportion which the Principal Balance held by such Lender bears to the total Principal Balance.

Real Estate: each parcel of real estate owned by any Borrower.

Real Estate Held for Sale: the Real Estate identified on Schedule 5.5.6 as the "Real Estate Held for Sale."

Red Robin: as defined in the Preamble to this Loan Agreement.

Red Robin Capital Stock: all of the issued and outstanding capital stock and options, warrants and other rights to acquire capital stock of Red Robin.

Red Robin Fiscal Period: each fiscal accounting period of Red Robin.

Red Robin Fiscal Quarter: with respect to the Red Robin Fiscal Period ending on (i) the last Sunday of the sixteenth week in each year, the four Red Robin Fiscal Periods then ending, (ii) the last Sunday of the twenty-eighth week in each year, the three Red Robin Fiscal Periods then ending, (iii) the last Sunday of the fortieth week in each year, the three Red Robin Fiscal Periods then ending and (iv) closest to the last Sunday of each year, the three Red Robin Fiscal Periods then ending

Red Robin Fiscal Year: each fiscal accounting year of Red Robin consisting of thirteen Red Robin Fiscal Periods and ending closest to the last Sunday of each year.

Red Robin Holders: the holders of the Pledged Red Robin Capital Stock.

Red Robin Stock Option Plan: that certain stock option plan

incorporated into the Quad-C Investment Agreement and referred to therein as Exhibit F, as amended and in effect on the Closing Date.

Red Robin Pledge Agreement: a pledge agreement executed by the Red Robin Holders in favor of Agent covering the Pledged Red Robin Capital Stock.

Register: as defined in subsection 9.1.3.

Registration Rights Agreement: that certain Registration Rights Agreement dated as of May 11, 2000 among Red Robin and certain holders of its common shares.

Rent Expense: for any period, the aggregate rent expense of Borrowers for such period under all Operating Leases under which any Borrower is the lessee.

Required Lenders: for so long as there are (i) no more than two Lenders, all Lenders, and (ii) at any time when there are more than two Lenders, Lenders who in the aggregate hold not less than 66 2/3of the Principal Balance.

Restaurant Business: the ownership, operation, franchising or joint venture of restaurants casual dining, full service Red Robin Burgers & Spirits Emporium or Red Robin Grill & Spirits Emporium restaurants and related ancillary activities.

RR Addison Sub: Red Robin Beverage Company - Addison, a Texas corporation.

RR Anne Arundel Sub: as defined in the Preamble to this Loan Agreement.

RR Baltimore Sub: as defined in the Preamble to this Loan Agreement.

RR Colorado Sub: Red Robin Colorado, Inc., a Colorado corporation.

RR Distributing Sub: as defined in the Preamble to this Loan Agreement.

RR Grapevine Sub: Red Robin Beverage Company - Grapevine, a Texas corporation.

RR Holding Sub: as defined in the Preamble to this Loan Agreement.

RR Investors: RR Investors, LLC, a Virginia limited liability company.

RR Investors II: RR Investors II, LLC, a Virginia limited liability company.

RR New York Sub: Red Robin of New York, Inc., a New York corporation.

RR Oregon Sub: RR Oregon, Inc., an Oregon corporation.

Securities Act: the Securities Act of 1933, as amended, or any similar Federal statute, and the rules and regulations of the Securities and Exchange Commission promulgated thereunder, as in effect from time to time.

Security Agreement: a Security Agreement executed by Borrowers in favor of Agent.

Security Instruments: collectively, the Security Agreement, the Pledge

Agreements, the Assignment of Key Man Life Insurance, each Mortgage, each Leasehold Mortgage and each other document or instrument now or hereafter executed by any Borrower or any other Person which purports to create a Lien on the Property of such Person in favor of Agent to secure Borrowers' Obligations, including, without limitation, the Substitute Pledge Agreement.

Security Interests: the Liens in the Collateral granted to Agent pursuant to the Security Instruments.

Shareholders Agreement: that certain Shareholders Agreement dated as of May 11, 2000 among Red Robin, Skylark Company, Ltd., a Japan corporation, RR Investors, RR Investors II, Snyder and certain other shareholders.

Sinking Fund: the sinking fund created by Red Robin in the initial aggregate principal amount of all Debentures.

Sinking Fund Assignment: the assignment by Red Robin to the Trustee or any other Person designated in writing by the Trustee of all of Red Robin's right, title and interest in and to the Sinking Fund free and clear of all Liens.

Sinking Fund Assignment Instruments: all documents, instruments and agreements executed and delivered in connection with the Sinking Fund Assignment.

Snyder: Michael J. Snyder, an individual.

Snyder Employment Agreement: the certain Employment Agreement dated as of May 11, 2000 between Red Robin and Snyder.

Snyder Employment Instruments: the Snyder Employment Agreement and Snyder Non-Competition Agreement.

Snyder Group: The Snyder Group Company, a Delaware corporation.

Snyder Group Merger: the merger of Snyder Group with and into RR Holding Sub in accordance with and pursuant to the Snyder Group Merger Agreement.

Snyder Group Merger Agreement: that certain Agreement and Plan of Merger dated as of February 18, 2000 among Red Robin, RR Holding Sub, Snyder Group and the stockholders of Snyder Group.

Snyder Group Merger Instruments: the Snyder Group Merger Agreement and all other documents, instruments and agreements executed and delivered pursuant to the terms thereof, including, without limitation, the Trust Indenture and the Debentures.

Snyder Investments Sub: Snyder Investments, Inc. II, a Washington corporation.

Snyder Non-Competition Agreement: that certain Non-Interference, Non-Disclosure and Non-Competition Agreement dated as of May 11, 2000 among RR Investors, RR Investors II, Red Robin and Snyder.

Solvency Certificate: a solvency certificate executed by the Borrowers to Agent.

Stated Rate: as defined in subsection 2.6.2.

Stores: the Existing Stores and the New Stores.

Subsidiary: any corporation, general partnership, limited partnership, limited liability company, limited liability partnership or other entity with respect to which another Person owns or controls, directly or indirectly, such amount of outstanding shares or other equity interests of such corporation, general partnership, limited partnership, limited liability company, limited liability partnership or other entity as have at the time of any determination hereunder 50% or more of the ordinary voting power for the election of directors (or their equivalent under the laws of the jurisdiction of organization of such corporation, general partnership, limited partnership, limited liability company, limited liability partnership or other entity).

Substitute Pledge Agreement: a pledge agreement executed by the Holding Company in favor of Agent covering the Red Robin Capital Stock issued and outstanding upon the consummation of the Corporate Reorganization.

Substitute Pledge Documents: the Substitute Pledge Agreement, the original certificates and other securities representing all of the Red Robin Capital Stock issued and outstanding upon the consummation of the Corporate Reorganization, duly executed assignments separate from certificate with respect thereto and such other documents, instruments, agreements and opinions of counsel with respect to the Corporate Reorganization as Agent reasonably may require to assure Agent that (i) the Corporate Reorganization has been consummated, (ii) the Holding Company has granted to Agent a perfected first lien on all of the Red Robin Capital Stock issued and outstanding upon the consummation of the Corporate Reorganization and (iii) all authorizations and consents required under the Leases, any material agreements to which Red Robin is subject or otherwise under applicable law for the consummation of the Corporate Reorganization and the execution and delivery of the Corporate Reorganization Documents have been obtained.

Supplemental Key Man Life Insurance: a life insurance policy on the life of Snyder in addition to the Key Man Life Insurance in an amount sufficient to satisfy Red Robin's obligations under the Snyder Employment Agreement to repurchase the Red Robin Capital Stock held by Snyder.

Termination Event: (i) a "Reportable Event" described in Section 4043 of ERISA and the regulations issued thereunder; or (ii) the withdrawal of any Borrower or any ERISA Affiliate from a Pension Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2); or (iii) the termination of a Pension Plan, the filing of a notice of intent to terminate a Pension Plan or the treatment of a Pension Plan amendment as a termination under Section 4041 of ERISA; or (iv) the institution of proceedings to terminate, or the appointment of a trustee with respect to, any Pension Plan by the PBGC; or (v) any other event or condition which would constitute grounds under Section 4042(a) of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; or (vi) the partial or complete withdrawal of any Borrower or any ERISA Affiliate from a Multiemployer Plan; or (vii) the imposition of a lien pursuant to Section 412 of the Code or Section 302 of ERISA; or (viii) any event or condition which results in the reorganization or insolvency of a Multiemployer Plan under Sections 4241 or 4245 of ERISA; or (ix) any event or condition which results in the termination of a Multiemployer Plan under Section 4041A of ERISA or the institution by the PBGC of proceedings to terminate a Multiemployer Plan under Section 4042 of ERISA.

Trustee: Rodney Bench.

Trust Indenture: the Trust Indenture dated as of May 11, 2000 between Red Robin and the Trustee.

Unencumbered Property: the Excluded Personal Property, the Excluded Real Estate and the Excluded Leases of the Existing Stores located at 1 W. Flatiron Circle, Suite 504, Broomfield, Colorado (Site No. 20), 447 Great Mall Drive, Milpitas, California (Site No. 27), Annapolis Mall, 210 Annapolis Mall, Annapolis, MD 21401 (Site No. 28), Lake Forest Mall, 701 Russell Avenue, Store #F241, Gaithersburg, MD 20877 (Site No. 29), University Town Center, 4545 La Jolla Drive, Space G-12, San Diego, CA 92122 (Site No. 34), Roseville, Creekside Town Center, Pad 6, Harding Blvd. and Antelope Creek Dr., Roseville CA 92122 (Site No. 49), Southwest corner of SE Washington Street and SE 100th Avenue, Portland, Oregon (Site No. 145), 12227 Harbor Boulevard, Garden Grove, California 92840 (Site No.

146), Northeast corner of NW Civic Street and Division Street, Gresham, Oregon (Site No. 351), 4201 Cold Water Creek, Fort Wayne, Indiana (Site No. 352), 6020 E. 82nd Avenue, Indianapolis, Indiana (Site No. 353) and 1350 Travis Boulevard, Fairfield, California (Site No. 354).

Voluntary Prepayment Conditions: shall mean, with respect to any permitted voluntary prepayment of the Loan, that:

(i) not less than 30 days prior to the date upon which Borrowers desire to make such prepayment, Borrowers shall have delivered to Agent notice of their intention to prepay, which notice shall state the prepayment date and the amount and portion of the Principal Balance to be prepaid;

(ii) such prepayment shall be in a minimum amount of $1,000,000 or integral multiples of $100,000 in excess thereof; and

(iii) concurrently with any such prepayment, Borrowers shall pay to Agent, for the benefit of the applicable Lenders, (A) any Prepayment Premium required in connection with such prepayment required under the applicable provisions of Article II, (B) accrued and unpaid interest on the portion of the Principal Balance being prepaid to the date on which Agent is in receipt of Good Funds and (C) any other sums which are due and payable pursuant to the terms of any of the Loan Instruments.

1.2 Time Periods. In this Loan Agreement and the other Loan Instruments, in the computation of periods of time from a specified date to a later specified date, (i) the word "from" means "from and including," (ii) the words "to" and "until" each mean "to, but excluding" and (iii) the words "through," "end of" and "expiration" each mean "through and including." Unless otherwise specified, all references in this Loan Agreement and the other Loan Instruments to (i) a "month" shall be deemed to refer to a calendar month, (ii) a "quarter" shall be deemed to refer to a calendar quarter and (iii) a "year" shall be deemed to refer to a calendar year.

1.3 Accounting Terms and Determinations. All accounting terms not specifically defined herein shall be construed, all accounting determinations hereunder shall be made and all financial statements required to be delivered pursuant hereto shall be prepared in accordance with GAAP as in effect at the time of such interpretation, determination or preparation, as applicable. In the event that any Accounting Changes (as hereinafter defined) occur and such changes result in a change in the method of calculation of financial covenants, standards or terms contained in this Loan Agreement, then Borrowers and Lenders agree to enter into negotiations to amend such provisions of this Loan Agreement so as to reflect such Accounting Changes with the desired result that the criteria for evaluating the financial condition of the Borrowers shall be the same after such Accounting Changes as if such Accounting Changes had not been made. For purposes hereof, "Accounting Changes" shall mean changes in generally accepted accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants (or any successor thereto) or other appropriate authoritative body.

1.4 References. All references in this Loan Agreement to "Article," "Section," "subsection," "subparagraph," "clause," "Exhibit" or "Schedule," unless otherwise indicated, shall be deemed to refer to an Article, Section, subsection, subparagraph, clause, Exhibit or Schedule, as applicable, of this Loan Agreement.

1.5 Lender's or Agent's Discretion. Whenever the terms "satisfactory to Lenders, the Required Lenders or Agent," "determined by Lenders, the Required Lenders or Agent," "acceptable to Lenders, the Required Lenders or Agent," "Lenders, the Required Lenders or Agent shall elect," "Lenders, the Required Lenders or Agent shall request," "at the option or election of Lenders, the Required Lenders or Agent," or similar terms are used in the Loan Instruments, except as otherwise specifically provided therein, such terms shall mean satisfactory to, at the election or option of, determined by, acceptable to or requested by Lenders, the Required Lenders or Agent, as applicable, in their or its sole and unlimited discretion.

1.6 Borrowers' Knowledge. Any statements, representations or warranties that are based upon the best knowledge of Borrowers shall be deemed to have been

made to Borrowers' actual knowledge after due inquiry with respect to the matter in question.

1.7 Benefit of Lenders. All Liens granted to Agent, all payments (other than the Loan Fees and the Servicing Fees) made to Agent and all agreements and certifications delivered to Agent pursuant to the Loan Instruments, shall be deemed to be granted and made, as applicable, for the benefit of Lenders.

ARTICLE II

LOAN AND TERMS OF PAYMENT

2.1 Loan.

2.1.1 Amount and Disbursement. The Loan shall consist of a term loan made by Lenders to Borrowers in the amount of $50,000,000. Lenders shall disburse the Loan to or as directed by Borrowers upon the satisfaction of the conditions set forth in Article IV.

2.1.2 Use of Proceeds. The proceeds of the Loan shall be used (i) to repay the Indebtedness to be Refinanced, (ii) to pay transaction costs and (iii) any remainder, for working capital.

2.1.3 Note. The Loan shall be evidenced by the Note.

2.1.4 Reborrowing. Borrowers shall not be entitled to reborrow any portion of the Loan which is repaid or prepaid.

2.1.5 Interest. The Principal Balance shall bear interest at a fixed rate per annum equal to 9.87% , except that during a Default Rate Period, the Principal Balance shall bear interest at the Default Rate.

2.1.6 Payments. Interest which will accrue on the Principal Balance from the Closing Date through the last day of the month in which the Closing occurs shall be payable in advance on the Closing Date. Commencing on the first Business Day of November, 2000 and on the first Business Day of each month thereafter through the first Business Day of September, 2012, the Principal Balance and all accrued and unpaid interest thereon shall be payable in 143 equal monthly installments of $593,790.18. The remaining Principal Balance, together with all accrued and unpaid interest thereon and all other sums which then are due and payable pursuant to the Loan Instruments, shall be due and payable in full on the Maturity Date.

2.1.7 Voluntary Prepayments. Borrowers may not prepay the Principal Balance of the Loan at any time during the first three Loan Years. Borrowers voluntarily may prepay the Principal Balance in whole or in part at any time after the third Loan Year subject to the satisfaction of the Voluntary Prepayment Conditions. Concurrently with any such voluntary prepayment of the Principal Balance, Borrowers shall pay to Agent, for the benefit of Lenders, a prepayment premium

equal to a percentage of the amount of the Principal Balance prepaid, determined in accordance with the following schedule:

Period of Prepayment	Percentage of Principal Balance Prepaid
Fourth Loan Year	4.0%
Fifth Loan Year	3.0%
Sixth Loan Year	2.0%
Seventh Loan Year and Thereafter	1.0%

2.2 Loan Fees. Borrowers shall pay to Agent, for its own account, the fees described in the Fee Letter Agreement in accordance with the terms and conditions therein set forth.

2.3 Late Charges. If a payment of principal or interest to be made pursuant

to this Loan Agreement becomes past due for a period in excess of ten days, Borrowers shall pay on demand to Agent, for the benefit of the Lenders to whom such payment was required to be made, a late charge of 5% of the amount of such overdue payment.

2.4 Involuntary Prepayment. If an Event of Default occurs and Borrowers' Obligations are accelerated at any time after the third Loan Year, Borrowers shall pay to Agent, for the benefit of Lenders, a Prepayment Premium in an amount equal to the Prepayment Premium which would be payable if such payment was made pursuant to subsection 2.1.7. If an Event of Default occurs and Borrowers' Obligations are accelerated at any time prior to the third anniversary of the Closing Date, Borrowers shall pay to Agent, for the benefit of Lenders, the Make Whole Premium determined as of the Make Whole Date. Borrower acknowledges and agrees that the Make Whole Premium is a reasonable estimate of loss and not a penalty. The Make Whole Premium is payable as liquidated damages for loss of bargain but shall not reduce, affect or impair any other obligation of Borrowers under the Loan Instruments. As used herein, the term:

"Make Whole Premium" shall mean an amount equal to the remainder of (i) the sum of the remaining required monthly payments comprising the applicable Make Whole Payment Stream as of the Make Whole Date minus (ii) the present value on Make Whole Date, discounted at the applicable Make Whole Rate, of the applicable Make Whole Payment Stream.

"Make Whole Date" shall mean the date the Borrowers' Obligations are accelerated.

"Make Whole Payment Stream" shall mean the scheduled monthly installments of principal and interest payable under subsection 2.1.6.

"Make Whole Rate" shall mean 9.87% per annum.

2.5 Method of Payments; Payments after Event of Default.

2.5.1 Method of Payment; Good Funds. All payments to be made pursuant to the Loan Instruments by Borrowers shall be made by wire transfer of Good Funds on or prior to the date due to the account of Agent at Citibank, N.A., 399 Park Avenue, New York, New York, ABA

021000089, Credit: FINOVA Capital Corporation, Credit Account No. 4076-9092, Reference Red Robin or to such other account as Agent shall notify Borrowers. All such payments shall be made without setoff, recoupment or counterclaim.

2.5.2 Payments after Event of Default. All payments received by Agent or any Lender after the occurrence and during the continuance of an Event of Default shall be applied in accordance with Section 8.4.

2.5.3 Timing of Distribution of Payments to Lenders. All payments received by Agent from Borrowers which constitute Good Funds on any date shall be distributed by Agent, as applicable, to Agent and Lenders on the immediately succeeding Business Day in the following order of priority:

(a) Fees and Expenses. First, to the payment to Agent of all fees and expenses described in Section 11.1.

(b) Late Charges. Next, to the payment to Lenders of any accrued and unpaid late charges on the Loan in accordance with their respective Ratable Shares.

(c) Prepayment Premium. Next, to the payment to Lenders of any Prepayment Premium payable as a result of a prepayment of the Principal Balance in accordance with their respective Ratable Shares.

(d) Interest. Next, to the payment to Lenders of accrued and unpaid interest on the Principal Balance in accordance with their respective Ratable Shares.

(e) Principal Balance. Next, to the payment to Lenders of the Principal Balance in accordance with their respective Ratable Shares.

2.6 Interest Computation; Maximum Interest; Increased Costs.

2.6.1 Interest Computation. Interest on the Loan shall be computed on the basis of a year consisting of 360 days and charged for the actual number of days during the period for which interest is being charged. In computing interest, the Closing Date shall be included and the date of payment shall be excluded.

2.6.2 Maximum Interest. Notwithstanding any provision to the contrary contained herein or in any other Loan Instrument, Lenders shall not collect a rate of interest on any obligation or liability due and owing by Borrowers to Lenders in excess of the maximum contract rate of interest permitted by applicable law ("Excess Interest"). All fees, charges, goods, things in action or any other sums or things of value (other than items (a), (b) and (c) below) paid or payable by Borrowers (collectively, the "Additional Sums"), whether pursuant to the Note, this Loan Agreement, the other Loan Instruments or any other document or instrument in any way pertaining to the Loan, that, under the laws of the State of Arizona, may be deemed to be interest with respect to the Loan, for the purpose of any laws of the State of Arizona that may limit the maximum amount of interest to be charged with respect to the Loan shall be payable by Borrowers and shall be deemed to be additional interest, and for such purposes only, the agreed upon and "contracted for rate of

interest" with respect to the Loan shall be deemed to be increased by the rate of interest resulting from the Additional Sums. Lenders and Borrowers agree that the interest laws of the State of Arizona shall govern the relationship among them and understand and believe that the transactions contemplated by the Loan Instruments comply with the usury laws of the State of Arizona, but in the event of a final adjudication to the contrary, Borrower shall be obligated to pay, nunc pro tunc, to Lenders only such interest as then shall be permitted by the laws of the state found to govern the contract relationship among Lenders and Borrowers. For the purpose of any laws of the State of Arizona that may limit the maximum amount of interest to be charged with respect to a loan, the "contracted for rate of interest" for the Loan shall consist of the following: (a) interest calculated in accordance with the provisions of this Article II; (b) the late charges calculated in accordance with the provisions of Section 2.6; (c) the Loan Fees; and (d) all Additional Sums, if any. Borrower agrees to pay an effective "contracted for rate of interest" which is the sum of items (a), (b), (c) and (d) above. If any Excess Interest is provided for or determined by a court of competent jurisdiction to have been provided for in this Loan Agreement or any other Loan Instrument, then in such event (i) no Obligor shall be obligated to pay such Excess Interest, (ii) any Excess Interest collected by Agent shall be, at Agent's option, (A) applied to the Principal Balance in such manner as Agent may elect or to accrued and unpaid interest not in excess of the maximum rate permitted by applicable law or (B) refunded to the payor thereof, (iii) the interest rates provided for herein (collectively, including, without limitation, the Loan Fees, the "Stated Rate") shall be automatically reduced to the maximum rate allowed from time to time under applicable law (the "Maximum Rate") and this Loan Agreement and the other Loan Instruments, as applicable, shall be deemed to have been, and shall be, modified to reflect such reduction, and (iv) neither any Borrower nor any other Obligor shall have any action against Agent or any Lender for any damages arising out of the payment or collection of such Excess Interest.

2.6.3 Increased Costs. If, after the Closing Date, either (i) any change in or in the interpretation of any law or regulation is introduced, including, without limitation, with respect to reserve requirements applicable to any Lender, (ii) any Lender complies with any future guideline or request from any central bank or other Governmental Body proposed or promulgated after the Closing Date or (iii) any Lender determines that the adoption of any applicable law, rule or regulation regarding capital adequacy or any change therein, or any change in the interpretation or administration thereof by any Governmental Body, central bank or comparable agency charged with the interpretation or administration thereof announced after the Closing Date has or would have the effect described below, or any Lender complies with any request or directive regarding capital adequacy (whether or not having the force of law) of any such Governmental Body, central bank or comparable agency announced after the Closing Date and in case of any event set forth in this clause (iii), such adoption, change or compliance has or would have the direct or indirect effect of reducing the rate of return on any of any Lender's capital as a consequence of its obligations hereunder to a level below that which such Lender could have achieved but for such adoption, change or

compliance (taking into consideration such Lender's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, and any of the foregoing events described in clauses (i), (ii) or (iii) increases the cost to any Lender of funding or maintaining the Loan, or reduces the amount receivable in respect thereof by such Lender, then Borrowers shall upon demand by such Lender at any time within 180 days after the date on which an officer of such Lender responsible for overseeing this Loan Agreement knows or has reason to know of its right to additional compensation under this subsection 2.10.3, pay to such Lender additional amounts sufficient to reimburse such Lender against such increase in cost or reduction in amount receivable; provided, however, the if such Lender fails to deliver such demand within such 180 day period, such

Lender shall only be entitled to additional compensation for any such costs incurred from and after the date that is 180 days prior to the date Borrowers receives such demand. A certificate as to the amount of such increased cost, and setting forth in reasonable detail the calculation thereof, shall be submitted to Borrowers by such Lender, and shall be conclusive absent manifest error. Each Lender will promptly notify Borrowers of any event of which it has knowledge that would entitle such Lender to additional compensation under this subsection 2.6.3. No Lender shall request any additional compensation under this subsection 2.6.3 unless it is generally making similar requests of other borrowers similarly situated, and each Lender agrees to use a reasonable basis for calculating amounts allocable hereunder.

ARTICLE III

SECURITY

Borrowers' Obligations shall be secured by a Lien upon all of the Collateral, which Lien at all times shall be superior and prior to all other Liens, except Permitted Prior Liens. Provided no Event of Default then exists and is continuing, upon the consummation of the Corporate Reorganization, at the sole cost and expenses of Red Robin and pursuant to release documents in form and substance reasonably satisfactory to Red Robin, Agent shall release (i) the Red Robin Holders from their respective obligations under the Red Robin Pledge Agreement and (ii) the Security Interests in the Pledged Red Robin Capital Stock granted to Agent pursuant to the Red Robin Pledge Agreement.

ARTICLE IV

CONDITIONS OF CLOSING

The obligation of Lenders to disburse the Loan shall be subject to the satisfaction or waiver of all of the following conditions on or before the Closing Date in a manner, form and substance satisfactory to Agent:

4.1 Representations and Warranties. On the Closing Date, the representations and warranties of each Obligor set forth in the Loan Instruments to which such Obligor is a party shall be true and correct in all material respects.

4.2 Performance; No Default. Each Obligor shall have performed and complied with all agreements and conditions contained in the Instruments to which such Obligor is a party to be performed by or complied with by such Person prior to or at the Closing Date, and no Event of Default or Incipient Default then shall exist or result from the Closing.

4.3 Quad-C Investment. The Quad-C Investment shall have been consummated in accordance with the terms and conditions of the Quad-C Investment Instruments and all requirements of applicable state and federal securities and other laws. No party to the Quad-C Investment Instruments shall have failed to satisfy, or shall have waived the satisfaction of, any term or condition of the Quad-C Investment Instruments to be performed, complied with or satisfied on or prior to the consummation of the Quad-C Investment.

4.4 Snyder Group Merger. The Snyder Group Merger shall have been consummated in accordance with the terms and conditions of the Snyder Group Merger Instruments and all requirements of applicable state and federal

securities and other laws. No party to the Snyder Group Merger Instruments shall have failed to satisfy, or shall have waived the satisfaction of, any term or condition of the Snyder Group Merger Instruments to be performed, complied with or satisfied on or prior to the consummation of the Snyder Group Merger. Agent shall have received evidence that the Sinking Fund shall have been created and that the Sinking Fund Assignment has been consummated.

4.5 Delivery of Documents. The following shall have been delivered to Agent, each duly authorized and executed, where applicable, and in form and substance satisfactory to Agent:

(a) the Loan Instruments (other than the Substitute Pledge Agreement);

(b) a good standing certificate for each Borrower from the State in which each such Borrower is organized and each State in which any Store owned or operated by such Borrower is located, each dated a recent date prior to the Closing Date;

(c) certified copies of (i) the articles or certificate of incorporation of each Borrower, together with all amendments thereto, certified by the Secretary of State of the State in which such Borrower is located as of a recent date prior to the Closing Date; (ii) the by-laws of each Borrower, certified as of the Closing Date by the corporate secretary of such Borrower and (iii) resolutions adopted by the board of directors of each Borrower authorizing the execution and delivery of the Instruments and the consummation of the transactions contemplated thereby, certified as of the Closing Date by the corporate secretary of such Borrower;

(d) signature and incumbency certificates of the officers of each Borrower;

(e) a certificate of merger from the Delaware Secretary of State and the Nevada Secretary of State reflecting the consummation of the Snyder Group Merger, certified by the Delaware Secretary of State and the Nevada Secretary of State, as applicable, and copies of such of the Snyder Group Merger Instruments as are required to be and in fact were filed with the Delaware Secretary of State and the Nevada Secretary of State in connection with the Snyder Group Merger;

(f) certified copies or executed originals of each of the following:

(1) the Quad-C Investment Instruments;

(2) the Snyder Group Merger Instruments;

(3) the Sinking Fund Assignment Instruments;

(4) the Equity Instruments;

(5) the Leases;

(6) the Snyder Employment Instruments;

(7) the Quad-C Consulting Agreement;

(8) the AEI Indebtedness Instruments;

(9) the Orix Indebtedness Instruments;

(10) the MetLife Indebtedness Instruments;

(11) the Captec Indebtedness Instruments;

(12) the Bonnyville Indebtedness Instruments; and

(13) the GE Indebtedness Instruments existing as of the Closing Date; and

(14) the Purchase Money/Capitalized Lease Indebtedness Instruments existing as of the Closing Date;

(g) a Landlord's Agreement from the Landlord under each Lease;

(h) Pay-Off Letters from each holder of Indebtedness to be Refinanced, together with such UCC termination statements and other Lien releases as are necessary to release any Liens securing the Indebtedness to be Refinanced; and

(i) such other instruments, documents, certificates, consents, waivers and opinions as Agent reasonably may request.

4.6 Opinions of Counsel. Agent shall have received an opinion dated the Closing Date from O'Melveny & Myers, LLP, counsel to Borrowers, together with such local counsel opinions as Agent reasonably may require, each addressed to Agent, as a Lender and as Agent, in such form and covering such matters as Agent reasonably may require. In addition, Agent shall have received and be entitled to rely upon the respective opinions of the counsel to Borrowers, RR Investors and RR Investors II delivered in connection with the Quad-C Investment and the Snyder Group Merger.

4.7 Licenses. Agent shall have received evidence that (i) each Borrower is the licensee of all Licenses, including liquor licenses, necessary for the operation of its Restaurant Business, (ii) such Licenses are in full force and effect as of the Closing Date and (iii) no event has occurred which could reasonably be expected to result in the revocation or adversely affect the renewal in the ordinary course, of any such License.

4.8 Financial Reports; Other Information and Inspections. Agent shall have received and found satisfactory such financial reports and other information with respect to Borrowers as Agent may require, together with a pro-forma balance sheet of Red Robin as of the Closing Date consistent with the requirements of this Loan Agreement and the projections previously delivered to Agent.

4.9 Security Interests. All filings of Uniform Commercial Code financing statements, recordings of Mortgages and Leasehold Mortgages and all other filings and actions necessary to perfect and maintain the Security Interests as first valid and perfected Liens in the Property covered thereby, subject only to Permitted Liens and subject in priority only to Permitted Prior Liens, shall have been filed or taken and Agent shall have received such UCC, state and federal tax Lien, pending suit, judgment and other Lien searches as Agent deems necessary to confirm the foregoing.

4.10 Insurance; Survey.

4.10.1 Business, Flood and Key Man Life Insurance. At least three Business Days prior to the Closing Date Borrowers shall have delivered to Agent evidence satisfactory to Agent (i) of flood insurance with respect to each parcel of Real Estate other than any parcel as to which Borrowers have supplied Agent evidence that such parcel is not in a flood hazard area, (ii) that all insurance coverage required pursuant to Section 6.6, including, without limitation, the Key Man Life Insurance and the Supplemental Key Man Life Insurance, is in full force and effect and all premiums then due thereon have been paid in full and (iii) that Agent has been named (A) loss payee on all policies of casualty insurance required pursuant to Section 6.6, (B) an additional insured on all policies of liability insurance required pursuant to Section 6.6 and (C) the assignee of Red Robin for purposes of the Key Man Life Insurance Borrowers shall have obtained the Key Man Life Insurance and shall have assigned its rights to the proceeds of such insurance to Agent.

4.10.2 Title Insurance. Agent shall have received an ALTA mortgagee's policy of title insurance (ALTA Revised 1987 Form) in favor of Agent with respect to each parcel of Leasehold Property covered by a Leasehold Mortgage and each parcel of Real Estate covered by a Mortgage, issued by a title company and in an amount satisfactory to Agent, showing that the applicable Borrower has valid leasehold estate in such parcel of Leasehold Property covered by a Leasehold Mortgage and each parcel of Real Estate covered by a Mortgage and insuring that the Leasehold Mortgage or Mortgage covering such parcel constitutes a valid Lien on such Borrower's right, title and interest in, to and under the applicable Lease or Real Estate, subject only to Permitted Liens and subject in priority only to Permitted Prior Liens. Each such policy shall insure over all survey and other general exceptions contained therein and shall include such affirmative endorsements as reasonably may be required by Agent and as are available in the applicable jurisdiction, including without limitation, comprehensive endorsement no. 1, contiguity (if applicable), usury, doing business variable rate, tie-in, restrictions (where applicable), encroachment (where applicable), 3.1 zoning (including parking), last dollar, tax parcel, survey, location, access and future advances. Agent shall have received copies of and found reasonably satisfactory the provisions of each document referred to in each such policy.

4.10.3 Premiums. Agent shall have received evidence that all premiums with respect to such title insurance have been paid by Borrower.

4.10.4 Survey. Agent shall have received a recent "as-built" ALTA/ACSM survey of each parcel of Leasehold Property covered by a Leasehold Mortgage, certified to Agent and the title Borrower, containing a flood plain certification, showing no matters or exceptions which are not Permitted Liens and otherwise in sufficient detail as to permit the elimination of any survey exceptions to the title policies described above and the issuance of the affirmative endorsements required above.

4.11 Approval of Instruments and Security Interests; Consents. Agent shall have received evidence that the approval or consent shall have been obtained from all Governmental Bodies, Landlords and all other Persons whose approval or consent is required to enable (i) Borrowers and the other Persons party to the Instruments to enter into and perform their respective obligations under the Instruments to which each such Person is a party and (ii) each Obligor to grant to Agent the Security Interests contemplated in the Security Instruments to which such Obligor is a party.

4.12 Use of Assets. Agent shall be satisfied that Borrowers at all times shall be entitled to the use and quiet enjoyment of all Property material to the continued ownership and operation of their Restaurant Business, including, without limitation, the use of equipment, fixtures, Licenses, offices and means of ingress and egress thereto, and any easements or rights-of-way necessary to reach any equipment or other items necessary for the operation of such Restaurant Business.

4.13 Environmental Matters. Agent shall have received such reports concerning the environmental condition of the Stores as Agent may require, including an Environmental Phase I Report for each Store owned by any Borrower in fee simple. Such reports shall be dated within six months of the Closing Date, shall confirm to the satisfaction of Agent, in its sole judgment, that such Store complies in all material respects with all applicable federal and state environmental and ecological laws and regulations and shall reflect, in Agent's sole judgment, no adverse findings. For fee simple sites, in lieu of the Environmental Phase I Report Agent will accept a "lender" environmental insurance policy evidencing coverage in an amount of $500,000.00 (or such greater amount as Agent may require) per site issued by an insurer, acceptable to Agent in its sole discretion. For leasehold mortgage sites, Agent will accept clean, in its sole opinion, Environmental Audits. Agent reserves the right to require the previously stated environmental insurance on a leasehold mortgage site, and further due diligence in compliance with the above requirements for a Phase I on fee simple sites. The cost of the environmental reports/insurance shall be borne by Borrowers.

4.14 Material Adverse Change. No event shall have occurred since December 26, 1999 which could reasonably be expected to have a Material Adverse Effect. No judgment, order, injunction or other restraint prohibiting or imposing materially adverse conditions on any Borrower shall exist. No litigation or governmental proceeding or investigation involving any Borrower shall be pending which in the opinion of Lenders if adversely determined, reasonably could be expected to have a Material Adverse Effect.

4.15 Indebtedness to be Refinanced. Agent shall have received evidence that all Indebtedness to be Refinanced has been repaid in full.

4.16 Fees and Expenses. Agent shall have received payment of the Loan Fees payable on the Closing Date and all fees and expenses described in subsection 11.1.1.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Borrowers jointly and severally represent and warrant to Agent and Lenders as follows:

5.1 Existence and Power. Each Borrower is a corporation duly formed, validly existing and in good standing under the laws of the State of its organization. Each Borrower is in good standing under the laws of each jurisdiction in which any Store owned by such Borrower is located and each other jurisdiction in which the failure to be in good standing reasonably could be expected to have a Material Adverse Effect. Each Borrower has all requisite

power and authority to own its Property and to carry on its business as now conducted.

5.2 Authority. Each Borrower has full power and authority to enter into, execute, deliver and carry out the terms of the Loan Instruments to which it is a party and to incur the obligations provided for therein, all of which have been duly authorized by all proper and necessary action and are not prohibited by its articles of organization, certificate of incorporation or by-laws.

5.3 Equity Interests and Related Matters.

5.3.1 Equity Interests. There is set forth in Schedule 5.3.1 a complete description of the Equity Interests. The Equity Interests are validly issued, fully paid and non-assessable, and have been issued and sold in compliance with all applicable federal and state laws, rules and regulations, including, without limitation, all so-called "Blue-Sky" laws. The Equity Interests are owned beneficially and of record by the Persons in the respective percentages set forth on Schedule 5.3.1, to the best knowledge of Borrowers and except as set forth on Schedule 5.3.1, free and clear of all Liens except the Security Interests.

5.3.2 Restrictions. Except as set forth on Schedule 5.3.2, no Borrower (i) is a party to or has knowledge of any agreements restricting the transfer of the Equity Interests, except the Loan Instruments and the Equity Instruments, (ii) has outstanding any rights which can be convertible into or exchangeable or exercisable for any Equity Interests, or any rights to subscribe for or to purchase, or any options for the purchase of, or any agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, any of the Equity Interests or any securities convertible into or exchangeable or exercisable for any Equity Interests or (iii) is subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any Equity Interests. No Borrower is required to file, and no Borrower has filed, pursuant to the Securities Act or Section 12 of the Securities Exchange Act of 1934, as amended, a registration statement relating to any class of debt or equity securities.

5.4 Binding Agreements. This Loan Agreement and the other Loan Instruments, when executed and delivered, will constitute the valid and legally binding obligations of each Borrower to the extent such Borrower is a party thereto, enforceable against each Borrower in accordance with their respective terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect affecting the enforcement of creditors' rights generally and (ii) equitable principles (whether or not any action to enforce such document is brought at law or in equity).

5.5 Business and Property of Borrowers.

5.5.1 Business and Property. Red Robin is not engaged, and as of the Closing Date does not propose to engage, in any business activity other than the Restaurant Business and the ownership of the Equity Interests of the other Borrowers and the Inactive Subsidiaries. No other Borrower is engaged or, as of the Closing Date, proposes to engage, in any business activity other than the Restaurant Business. Except as set forth on Schedule 5.5.1, no Inactive Subsidiary (i) engages, or proposes to engage, in any business activity, (ii) owns any material Property or (iii) has any material Indebtedness. Red Robin has no Subsidiaries other than Borrowers and the Inactive Subsidiaries. Except as set forth on Schedule 5.5.1, no other Borrower has any Subsidiaries. Each Borrower owns all Property and holds all Leases, Licenses and Operating Agreements required to conduct its business as now conducted.

5.5.2 Licenses. There is set forth in Schedule 5.5.2 a list of all material Licenses, including liquor licenses, which have been issued or assigned to any Borrower. Except as set forth on Schedule 5.5.2, all of such Licenses are in full force and effect and have been duly issued in the name of, or validly assigned to, the applicable Borrower, no default or breach exists thereunder and the applicable Borrower has full power and authority thereunder to conduct its business.

5.5.3 Operating Agreements. There is set forth in Schedule 5.5.3 a list of all material Operating Agreements relating to the businesses of the Borrowers. Except as set forth on Schedule 5.5.3, each such Operating Agreement is in full force and effect, there has been no default in the performance of any of its terms or conditions by any Borrower or, to the best of Borrowers' knowledge, any other party thereto, and no claims of default have been asserted by any Borrower or, to the best of Borrowers' knowledge, any other party thereto with respect thereto. To the best of Borrowers' knowledge, no event has occurred which could result in the cancellation or termination of any such Operating Agreement or the imposition thereunder of any liability upon any Borrower, in each case, which reasonably could be expected to have a Material Adverse Effect.

5.5.4 Facility Sites. There is set forth in Schedule 5.5.4 the locations of the chief executive office of each Borrower and all other places where such Borrower's books and records are kept, the locations of each of each Borrower's Stores and the locations of all of each Borrower's other Property.

5.5.5 Leases. There is set forth in Schedule 5.5.5 a list of all Leases, together with (i) a complete and accurate address of each parcel of Leasehold Property subject to such Leases and (ii) the complete and accurate name and address of the Landlord under each such Lease. Except as set forth on Schedule 5.5.5, each Lease is in full force and effect, there has been no default in the performance of any of its terms or conditions by any Borrower or, to the best of Borrowers' knowledge, any other party thereto, and no claims of default have been asserted by any Borrower or, to the best of Borrowers' knowledge, any other party thereto, with respect thereto. The present use of the Leasehold Property is in compliance with all applicable zoning ordinances and regulations and other laws and regulations.

5.5.6 Real Estate. There is set forth on Schedule 5.5.6 a complete and accurate address and legal description of each parcel of Real Estate. To the best knowledge of Borrowers, the present use of the Real Estate is in compliance with all applicable zoning ordinances and regulations and other laws and regulations.

5.5.7 Operation and Maintenance of Equipment. No equipment owned or operated by any Borrower which is material to the operation of its business has been used, operated or maintained in a manner which now or hereafter could result in the cancellation or termination of the right of such Borrower to use or make use of the same or which could result in any material liability of such Borrower for damages in connection therewith. All of the equipment and other tangible personal property owned by each Borrower is, in all material respects, in good operating condition and repair (ordinary wear and tear excepted) and has been used, operated and maintained in substantial compliance with all applicable laws, rules and regulations.

5.6 Title to Property; Liens. Each Borrower has (i) good and insurable title to all of its Property, except (A) any License which cannot be transferred without the consent of a Governmental Body

and (B) the portion thereof consisting of a leasehold estate and (ii) a valid leasehold estate in each portion of its Property which consists of a leasehold estate. All of such Property is free and clear of all Liens, except Permitted Liens. Upon the proper filing with the appropriate Governmental Bodies of appropriate Uniform Commercial Code financing statements, the applicable Loan Instruments will create valid and perfected Liens in the Property described therein, subject only to Permitted Liens and subject in priority only to Permitted Prior Liens.

5.7 Projections and Financial Statements.

5.7.1 Financial Statements. Borrowers have delivered to Agent the financial statements described in Schedule 5.7.1 pertaining to the operations of the Borrowers. Such financial statements present fairly in all material respects the results of operations of the Borrowers for the periods covered thereby and the financial condition of the Borrowers as of the dates indicated therein. All of such financial statements have been prepared in conformity with GAAP consistently applied, except for the absence of footnotes and subject to year-end adjustments. Since December 26, 1999, there has been no change which has had or could reasonably be

expected to have a Material Adverse Effect. Borrowers also have delivered to Agent a pro-forma balance sheet as of the Closing Date. Such pro-forma balance sheet, which assumes the consummation of the transactions contemplated by the Instruments, presents fairly in all material respects the anticipated financial condition of Red Robin as of the Closing Date.

5.7.2 Projections. Borrowers have delivered to Agent projections of the future operations of the Borrowers. Such projections represent the best estimates of future performance of the Borrowers believed by Borrowers to be reasonable as of the Closing Date, subject to the uncertainty inherent in any projections (it being acknowledged that such projections are not a guarantee of future performance).

5.8 Litigation. There is set forth in Schedule 5.8 a description of all actions, suits, arbitration proceedings and claims pending or, to the best knowledge of Borrowers, threatened against any Borrower or the business or operations thereof or maintained by any Borrower at law or in equity or before any Governmental Body. None of the matters set forth on Schedule 5.8, if determined adversely to any Borrower, could reasonably be expected to have a Material Adverse Effect.

5.9 Defaults in Other Agreements; Consents; Conflicting Agreements. No Borrower is in default under any agreement to which it is a party or by which it or any of its Property is bound, the effect of which default reasonably could be expected to have a Material Adverse Effect. No authorization, consent, approval or other action by, and no notice to or filing with, any Governmental Body or, to the best knowledge of Borrowers, any other Person, which individually or in the aggregate could reasonably be considered to be material and which has not already been obtained, taken or filed, as applicable, is required (i) for the due execution, delivery or performance by each Borrower of any of the Instruments to which such Borrower is a party or (ii) as a condition to the validity or enforceability of any of the Instruments to which each Borrower is a party or any of the transactions contemplated thereby or the priority of the Security Interests, except for certain filings to establish and perfect the Security Interests. Except as set forth on Schedule 5.9, no provision of any mortgage, indenture, material contract, material agreement, statute, rule, regulation, judgment, decree or order binding on any Borrower conflicts with, or requires any consent which has not already been obtained under, or would in any way prevent the execution, delivery or performance of the terms of any of the Instruments or affect the validity or priority of the Security Interests. The execution,

delivery and performance of the terms of the Instruments will not constitute a default under, or result in the creation or imposition of, or obligation to create, any Lien upon the Property of any Borrower pursuant to the terms of any such mortgage, indenture, contract or agreement.

5.10 Taxes. Except as disclosed on Schedule 5.10, each Borrower has filed all tax returns required to be filed, and has paid, or made adequate provision for the payment of, all taxes shown to be due and payable on such returns or in any assessments made against it, and no tax liens have been filed and, to the best knowledge of Borrowers, no claims are being asserted in respect of such taxes which are required by GAAP to be reflected in the financial statements of the Borrowers and are not so reflected therein. The charges, accruals and reserves on the books of the Borrowers with respect to all federal, state, local and other taxes are considered by the management of the Borrowers to be adequate, and no Borrower knows of any unpaid assessment which is due and payable by any Borrower or creates a Lien against any Borrower's Property, except such assessments as are being contested in good faith and by appropriate proceedings diligently conducted, and for which adequate reserves have been set aside in accordance with GAAP. Except as disclosed on Schedule 5.10, no Borrower has received written notice that any of its tax returns are under audit and or that it is the subject or target of any investigation by the Internal Revenue Service.

5.11 Compliance with Applicable Laws. No Borrower is in default in respect of any judgment, order, writ, injunction, decree or decision of any Governmental Body, which default reasonably could be expected to have a Material Adverse Effect. To the best of Borrowers' knowledge, each Borrower is in compliance in all material respects with all applicable statutes and regulations, including, without limitation, ERISA, ADA and all laws and regulations relating to unfair labor practices, equal employment opportunity and employee safety, but specifically excluding Environmental Laws (which are the subject to Section 5.14), of all Governmental Bodies, the non-compliance with which reasonably could be expected to have a Material Adverse Effect. No Borrower has received written notice that any material condemnation, eminent domain or expropriation that has been commenced or threatened against any Borrower's Property.

5.12 Patents, Trademarks, Franchises, Agreements. Each Borrower owns, possesses or has the right to use all patents, trademarks, service marks, trade names, trade secrets, know-how, copyrights, franchises and rights with respect thereto (i) which are necessary for the conduct of its business as currently conducted by such Borrower after the Closing Date and (ii) for which the failure to own, possess or have the right to use reasonably could be expected to have a Material Adverse Effect, in each case, except as disclosed on Schedule 5.12, without any known conflict with the rights of others and free of any Liens other than the Security Interests.

5.13 Regulatory Matters. Each Borrower (i) has duly and timely filed all reports and other filings which are required to be filed by such Borrower under any applicable rule or regulation of any Governmental Body, the non-filing of which reasonably could be expected to have a Material Adverse Effect, and (ii) is in compliance with all such rules and regulations, the noncompliance with which reasonably could be expected to have a Material Adverse Effect.

5.14 Environmental Matters. To the best of Borrowers' knowledge, each Borrower is in compliance in all material respects with all applicable Environmental Laws and, to the best of Borrowers' knowledge, no portion of any of Real Estate or the Leasehold Property has been used as a land fill. There currently are not any known Hazardous Materials generated, manufactured, released, stored, buried or deposited over, beneath, in or on (or used in the construction and/or renovation of) the Real Estate or Leasehold Property in violation of applicable Environmental Laws.

5.15 Application of Certain Laws and Regulations. Each Borrower is not and no Affiliate of any Borrower is:

5.15.1 Investment Company Act. An "investment company," or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

5.15.2 Holding Company Act. A "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," as such terms are defined in the Public Utility Holding Company Act of 1935, as amended.

5.15.3 Foreign or Enemy Status. (i) An "enemy" or an "ally of an enemy" within the meaning of Section 2 of the Trading with the Enemy Act, (ii) a "national" of a foreign country designated in Executive Order No. 8389, as amended, or of any "designated enemy country" as defined in Executive Order No. 9095, as amended, of the President of the United States of America, in each case within the meaning of such Executive Orders, as amended, or of any regulation issued thereunder, (iii) a "national of any designated foreign country" within the meaning of the Foreign Assets Control Regulations or the Cuban Assets Control Regulations of the United States of America (Code of Federal Regulations, Title 31, Chapter V, Part 515, Subpart B, as amended) or (iv) an alien or a representative of any alien or foreign government within the meaning of Section 310 of Title 47 of the United States Code.

5.15.4 Regulations as to Borrowing. Subject to any statute or regulation (other than usury laws) which regulates the incurrence of any Indebtedness for Borrowed Money, including, without limitation, statutes or regulations relative to common or interstate carriers or to the sale of electricity, gas, steam, water, telephone, telegraph or other public utility services.

5.16 Margin Regulations. None of the transactions contemplated by this Loan Agreement or any of the other Loan Instruments, including the use of the proceeds of the Loan, will violate or result in a violation of Section 7 of the Securities Exchange Act of 1934, as amended, or any regulations issued pursuant thereto, including, without limitation, Regulation U, and no Borrower owns or intends to carry or purchase any "margin security" within the meaning of such Regulation U.

5.17 Other Indebtedness. Upon the Closing, there will be no Indebtedness for Borrowed Money owed by any Borrower to any Person, except (i) Borrowers' Obligations and (ii) Purchase Money/Capitalized Lease Indebtedness permitted to exist as of the Closing Date, the GE Indebtedness permitted under Section 7.1 to

exist as of the Closing Date, the AEI Indebtedness, the Orix Indebtedness, the MetLife Indebtedness, the Captec Indebtedness and the Bonnyville Indebtedness, all of which is described on Schedule 5.17.

5.18 No Misrepresentation. Neither this Loan Agreement nor any other Loan Instrument, certificate or financial statement furnished or to be furnished by or on behalf of Borrowers to Agent or any Lender pursuant to this Loan Agreement contains or will contain a misstatement of material fact, or omits or will omit to state a material fact required to be stated in order to make the statements contained herein or therein, taken as a whole, not misleading in the light of the circumstances under which such statements were made. To the best knowledge of Borrowers there is no fact, other than information known to the public

generally, that reasonably could be expected to have a Material Adverse Effect that has not expressly been disclosed to Agent in writing.

5.19 Employee Benefit Plans.

5.19.1 No Other Plans. No Borrower nor any ERISA Affiliate maintains or contributes to, or has any obligation under, any Employee Benefit Plan other than those identified on Schedule 5.19.1. The Borrowers have provided Agent accurate and complete copies of all contracts, agreements and documents described on Schedule 5.19.1.

5.19.2 ERISA and Code Compliance and Liability. The Borrowers and each ERISA Affiliate are in compliance with all applicable provisions of ERISA and the regulations and published interpretations thereunder with respect to all Employee Benefit Plans except where failure to comply would not result in a material liability to any Borrower and except for any required amendments for which the remedial amendment period as defined in Section 401(b) of the Code has not yet expired. Each Employee Benefit Plan that is intended to be qualified under Section 401(a) of the Code has been determined by the Internal Revenue Service to be so qualified, and each trust related to such plan has been determined to be exempt under Section 401(a) of the Code. No material liability has been incurred by any Borrower or any ERISA Affiliate which remains unsatisfied for any taxes or penalties with respect to any Employee Benefit Plan or any Multiemployer Plan.

5.19.3 Funding. No Pension Plan has been terminated, nor has any accumulated funding deficiency (as defined in Section 412 of the Code) been insured (without regard to any waiver granted under Section 412 of the Code), nor has any funding waiver from the Internal Revenue Service been received or requested with respect to any Pension Plan, nor has any Borrower or any ERISA Affiliate failed to make any contributions or to pay any amounts due and owing as required by Section 412 of the Code, Section 302 of ERISA or the terms of any Pension Plan prior to the due dates of such contributions under Section 412 of the Code or Section 302 of ERISA, nor has there been any event requiring any disclosure under Section 4041(c)(3)(C), 4063(a) or 4068 of ERISA with respect to any Pension Plan.

5.19.4 Prohibited Transactions and Payments. Neither the Borrowers nor any ERISA Affiliate has: (i) engaged in a nonexempt "prohibited transaction" as such term is defined in Section 406 of ERISA or Section 4975 of the Code; (ii) incurred any liability to the PBGC which remains outstanding other than the payment of premiums and there are no premium payments which are due and unpaid; (iii) failed to make a required contribution or payment to a Multiemployer Plan; or (iv) failed to make a required installment or other required payment under Section 412 of the Code.

5.19.5 No Termination Event. No Termination Event has occurred or is reasonably expected to occur.

5.19.6 ERISA Litigation. No material proceeding, claim, lawsuit and/or investigation is existing or, to the best knowledge of Borrowers, threatened concerning or involving any (i) employee welfare benefit plan (as defined in Section 3(1) of ERISA) currently maintained or contributed to by any Borrower or any ERISA Affiliate, (ii) Pension Plan or (iii) Multiemployer Plan.

5.20 Employee Matters.

5.20.1 Collective Bargaining Agreements; Grievances. (i) None of the employees of any Borrower is subject to any collective bargaining agreement with such Borrower, (ii) to the best knowledge of Borrowers, no petition for certification or union election is pending with respect to the employees of any Borrower and no union or collective bargaining unit has sought such certification or recognition with respect to the employees of any Borrower and (iii) there are no strikes, slowdowns, work stoppages, unfair labor practice complaints, grievances, arbitration proceedings or controversies pending or, to the best knowledge of Borrowers, threatened against any Borrower by any of such Borrower's employees, other than employee grievances or controversies arising in the ordinary course of business that could not in the aggregate be expected to have a Material Adverse Effect.

5.20.2 Claims Relating to Employment. No Borrower nor, to Borrowers' best knowledge, any employee of any Borrower, is subject to any employment agreement or non-competition agreement with any former employer or any other Person which agreement would have a Material Adverse Effect due to (i) any information which any Borrower would be prohibited from using under the terms of such agreement or (ii) any legal considerations relating to unfair competition, trade secrets or proprietary information.

5.21 Burdensome Obligations. After giving effect to the transactions contemplated by the Instruments (i) no Borrower (A) is a party to or is bound by any franchise, agreement, deed, lease or other instrument, or be subject to any restriction, which is so unusual or burdensome so as to cause, in the foreseeable future, a Material Adverse Effect and (B) intends to incur, or believes that it will incur, debts beyond its ability to pay such debts as they become due, and (ii) each Borrower (A) owns and will own Property, the fair saleable value of which is (I) greater than the total amount of its liabilities (including contingent liabilities) and (II) greater than the amount that will be required to pay the probable liabilities of its then existing debts as they become absolute and matured, and (B) has and will have capital that is not unreasonably small in relation to its business as presently conducted and as proposed to be conducted. No Borrower presently anticipates that future expenditures needed to meet the provisions of federal or state statutes, orders, rules or regulations in effect on or proposed as of the Closing Date will be so burdensome so as to have a Material Adverse Effect.

5.22 Insurance. No written notice of cancellation has been received with respect to any insurance policies required pursuant to Section 6.6 and each Borrower is in material compliance with all conditions contained in such policies.

5.23 Snyder Group Merger Instruments. To the best knowledge of Borrowers, the representations and warranties of Snyder Group and its shareholders set forth in the Snyder Group Merger Instruments are true and correct in all material respects as of the date hereof.

ARTICLE VI

AFFIRMATIVE COVENANTS

Until all of Borrowers' Obligations are paid and performed in full each Borrower agrees that they will:

6.1 Legal Existence; Good Standing. Maintain its existence and its good standing in the state of its organization and maintain its qualification in each other jurisdiction in which the failure so to qualify reasonably could be expected to have a Material Adverse Effect and in any event in each jurisdiction in which any Store is operated by it.

6.2 Inspection. Permit representatives of Agent and Lenders, upon not less than 2 Business Days' prior notice and during normal business hours if no Event of Defaults exists and is continuing, or during normal business hours without notice if any Event of Default exists and is continuing, to (i) visit its offices, (ii) examine its books and records and Accountants' reports relating thereto, (iii) make copies or extracts therefrom, (iv) discuss its affairs with its employees, (v) examine and inspect its Property and (vi) meet and discuss its historical and projected financial performance with the Accountants in the presence of its designated representative(s), and such Accountants, at such

meeting, are hereby irrevocably authorized by Borrowers to discuss and disclose all such affairs fully with Agent and Lenders, except to the extent any such information may be the subject of an attorney-client, attorney work product or similar privilege.

6.3 Financial Statements and Other Information. Maintain a standard system of accounting in accordance with GAAP and furnish to each Lender:

6.3.1 Quarterly Statements and Agings. As soon as available and in any event within 30 days after the close of each Red Robin Fiscal Quarter:

(a) a copy of the consolidated balance sheet of the Borrowers as of the end of such Red Robin Fiscal Quarter,

(b) consolidated statements of operations, EBITDA and Operating Cash Flow of the Borrowers for such Red Robin Fiscal Quarter, for the preceding four Red Robin Fiscal Quarters and for the period from the beginning of the then current Red Robin Fiscal Year to the end of such Red Robin Fiscal Quarter, setting forth in each case in comparative form the corresponding figures for the corresponding period in the preceding year,

(c) the consolidating financial statements of each Store used in preparing the financial statements described in (a) and (b) above, and

(d) an aging of the Borrowers' outstanding accounts payable and accounts receivable as of the end of such Red Robin Fiscal Quarter,

all in reasonable detail, containing such information as Lenders reasonably may require, and certified by the Chief Financial Officer of each Borrower as complete and correct, subject to normal year-end adjustments.

6.3.2 Annual Statements. As soon as available and in any event within 90 days after the close of each Red Robin Fiscal Year:

(a) the consolidated balance sheet of the Borrowers as of the end of such Red Robin Fiscal Year and the statements of operations, cash flows, shareholders' equity (collectively, the "Basic Financial Statements"), EBITDA and Operating Cash Flow of the Borrowers for such Red Robin Fiscal Year setting forth in each case in comparative form the corresponding figures for the preceding Red Robin Fiscal Year,

(b) an opinion of the Accountants which shall accompany the Basic Financial Statements, which opinion shall be unqualified as to going concern and scope of audit, stating that (i) the examination by the Accountants in connection with such Basic Financial Statements has been made in accordance with generally accepted auditing standards, (ii) such Basic Financial Statements have been prepared in conformity with GAAP and in a manner consistent with prior periods, and (iii) such Basic Financial Statements fairly present in all material respects the financial position and results of operations of the Borrowers, and

(c) a report from the Accountants stating that, in their opinion, the statements of EBITDA and Operating Cash Flow are fairly stated in accordance with the provisions of this Loan Agreement.

6.3.3 Compliance Certificates. The financial statements described in subsections 6.3.1 and 6.3.2 shall be accompanied by a Compliance Certificate.

6.3.4 Accountants' Certificate. Simultaneously with the delivery of the Basic Financial Statements required by subsection 6.3.2, a report from the Accountants stating that, in connection with their audit, nothing came to their attention that caused them to believe that Borrowers failed to comply with the terms, covenants, provisions or conditions of Article VI or VII of the Loan Agreement insofar as they relate to financial and accounting matters, or, if so, specifying in such report all such instances of non-compliance and the nature and status thereof.

6.3.5 Audit Reports. Promptly upon receipt thereof, a copy of each report, other than the reports referred to in subsection 6.3.2, including any so-called "Management Letter" or similar report, submitted to the Borrowers by the Accountants in connection with any annual, interim or special audit made by the Accountants of the books of the Borrowers.

6.3.6 Business Plans. Not less than 30 days after the end of each Red Robin Fiscal Year, a business plan for the Restaurant Business of Borrowers for the following Red Robin Fiscal Year setting forth in reasonable detail the projected EBITDA, Operating Cash Flow, Capital Expenditures and operations budget of such Restaurant Business of the Borrowers, and such other information as Lenders reasonably may request, for such following Red Robin Fiscal Year.

6.3.7 Notice of Defaults; Loss. Prompt written notice if: (i) any Indebtedness of any Borrower is declared or shall become due and payable prior to its declared or stated maturity, or called and not paid when due, (ii) there shall occur and be continuing an Event of Default, accompanied by a statement of the president of each Borrower setting forth what action Borrowers

propose to take in respect thereof, or (iii) any event shall occur which has or is reasonably likely to have a Material Adverse Effect.

6.3.8 Notice of Suits; Adverse Events. Prompt written notice of: (i) any citation, summons, subpoena, order to show cause or other order naming any Borrower a party to any proceeding before any Governmental Body which might reasonably be expected to have a Material Adverse Effect, including with such notice a copy of such citation, summons, subpoena, order to show cause or other order, (ii) any lapse or other termination of any License, permit, franchise, agreement or other authorization issued to any Borrower by any Governmental Body or any other Person that is material to the operation of the Restaurant Business of the Borrowers, (iii) any refusal by any Governmental Body or any other Person to renew or extend any such License, permit, franchise, agreement or other authorization and (iv) any dispute between any Borrower and any Governmental Body or any other Person, which lapse, termination, refusal or dispute referred to in clauses (ii) and (iii) above or in this clause (iv) reasonably could be expected to have a Material Adverse Effect.

6.3.9 Reports to Shareholders, Creditors and Governmental Bodies.

(a) Promptly upon becoming available, copies of all financial statements, reports, notices and other statements sent or made available generally by any Borrower to its shareholders with respect to the overall financial performance of the Borrowers, of all regular and periodic reports and all registration statements and prospectuses filed by any Borrower with any securities exchange or with the Securities and Exchange Commission or any Governmental Body succeeding to any of its functions, and of all statements generally made available by the Borrowers or others concerning material developments in the business of the Borrowers.

(b) Promptly upon becoming available, copies of any periodic or special reports filed by any Borrower with any Governmental Body or Person, if such reports indicate any material change in the business, operations, affairs or condition of any Borrower, or if copies thereof are requested by any Lender, and copies of any material notices and other communications from any Governmental Body or Person which specifically relate to any Borrower.

6.3.10 ERISA Notices and Requests.

(a) With reasonable promptness, and in any event within 30 days after occurrence of any of the following, notice and/or copies of: (i) the establishment of any new Employee Benefit Plan, Pension Plan or Multiemployer Plan; (ii) the commencement of contributions to any Employee Benefit Plan, Pension Plan or Multiemployer Plan to which any Borrower or any of its ERISA Affiliates was not previously contributing or any increase in the benefits of any existing Employee Benefit Plan, Pension Plan or Multiemployer Plan; (iii) each funding waiver request filed with respect to any Employee Benefit Plan and all communications received or sent by any Borrower or any ERISA Affiliate with respect to such request; and (iv) the failure of any Borrower or any of its ERISA Affiliates to make a required installment or payment under Section 302 of ERISA or Section 412 of the Code by the due date.

(b) With reasonable promptness but in any event within 10 days of becoming aware of the occurrence of or forthcoming occurrence of any (i) Termination Event or (ii) "prohibited transaction," as such term

is defined in Section 406 of ERISA or Section 4975 of the Code, in connection with any Pension Plan or any trust created thereunder, a notice specifying the nature thereof, what action the Borrowers have taken, is taking or proposes to take with respect thereto and, when known, any action taken or threatened by the Internal Revenue Service, the Department of Labor or the PBGC with respect thereto.

(c) With reasonable promptness but in any event within 10 days after the occurrence of any of the following, copies of: (i) any favorable or unfavorable determination letter from the Internal Revenue Service regarding the qualification of an Employee Benefit Plan under Section 401(a) of the Code; (ii) all notices received by any Borrower or any ERISA Affiliate of the PBGC's intent to terminate any Pension Plan or to have a trustee appointed to administer any Pension Plan; (iii) each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) filed by any Borrower or any ERISA Affiliate with the Internal Revenue Service with respect to each Pension Plan; and (iv) all notices received by any Borrower or any ERISA Affiliate from a Multiemployer Plan sponsor concerning the imposition or amount of withdrawal liability pursuant to Section 4202 of ERISA; and written notice within two Business Days of any Borrower's or any ERISA Affiliate's filing of or intention to file a notice of intent to terminate any Pension Plan under a distress termination within the meaning of Section 4041(c) of ERISA.

6.3.11 Other Information.

(a) Immediate notice of any material change in, or termination of, the employment of Snyder, any change in the location of any Property of any Borrower which is material to or necessary for the continued operation of such Borrower's business, any change in the name of any Borrower, any sale or purchase of Property outside the regular course of business of any Borrower, and any change in the business or financial affairs of any Borrower, which change reasonably could be expected to have a Material Adverse Effect.

(b) Promptly upon request therefor, such other information and reports relating to the past, present or future financial condition, operations, plans and projections of the Borrowers as Lenders reasonably may request from time to time.

(c) Drafts of any Equity Instruments anticipated to be entered into after the Closing Date at least 5 Business Days' prior to the execution and delivery of same and copies of any Equity Instruments entered into after the Closing Date concurrently with the execution and delivery of same.

6.4 Reports to Governmental Bodies and Other Persons. Timely file all material reports, applications, documents, instruments and information required to be filed pursuant to all rules, regulations or requests of any Governmental Body or other Person having jurisdiction over the operation of the business of any Borrower, including, but not limited to, such of the Loan Instruments as are required to be filed with any such Governmental Body or other Person pursuant to applicable rules and regulations promulgated by such Governmental Body or other Person.

6.5 Maintenance of Licenses and Other Agreements. Maintain in full force and effect at all times, and apply in a timely manner for renewal of, all Licenses, Franchise Agreements, trademarks, trade names and agreements necessary for the operation of its Restaurant Business, the loss of any of which reasonably could be expected to have a Material Adverse Effect.

6.6 Insurance.

6.6.1 Maintenance of Insurance. (i) Maintain in full force and effect at all times the Key Man Life Insurance, the Supplemental Key Man Life Insurance and such property, casualty, business interruption and other insurance required by Agent, all of which shall be written by insurers, contain terms and be in amounts and forms as are satisfactory to Agent (including, at a minimum (A) comprehensive general liability insurance (including bodily injury and property damage coverage) with a broad form endorsement and combined single limit of at least $2,000,000 and (B) casualty insurance against fire and other "All Risk" perils, including, if required by Agent, earthquake and flood, in the full replacement value of the Stores), providing for deductibles of not more than $2,500 for any single act or occurrence, with a standard mortgagee clause endorsed thereon in favor of Agent which shall provide, among other things, that the

policies may not be canceled without 30 days' prior notice to Agent and (ii) deliver to Agent, from time to time as Agent reasonably may request, evidence of compliance with this subsection, but in any event at least 15 days prior to the expiration date of any policy required hereunder, each bearing notations evidencing prior payment of premiums.

6.6.2 Claims and Proceeds. Direct all insurers under all policies of Business Insurance and Key Man Life Insurance to pay all proceeds payable thereunder to Agent. Each Borrower hereby irrevocably appoints Agent (and all officers, employees or agents designated by Agent) as such Borrower's true and lawful attorney and agent in fact for the purpose of and with power to make, settle and adjust claims under such policies of insurance, endorse the name of such Borrower on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance, and to make all determinations and decisions with respect to such policies of insurance. Borrowers hereby acknowledge that such appointment as attorney and agent in fact is a power coupled with an interest, and therefore is irrevocable. The proceeds of Key Man Life Insurance shall be applied to the payment of Borrowers' Obligations. The insurance proceeds received on account of any loss, damage, destruction or other casualty:

(a) if no Event of Default exists and is continuing and the amount of such proceeds is $50,000 or less, shall be held by Agent and applied to pay for the cost of repair or replacement of the Property which was the subject of such loss, damage, destruction or other casualty; and

(b) if no Event of Default exists and is continuing and the amount of such proceeds exceeds $50,000, or if any Event of Default exists and is continuing, at the option of Agent may be (i) applied to the payment of Borrowers' Obligations or (ii) held by Agent and applied to pay for the cost of repair or replacement of the Property which was the subject of such loss, damage, destruction or other casualty.

6.6.3 Application of Proceeds. In the event the insurance proceeds received on account of any loss, damage, destruction or other casualty are permitted or required by subsection 6.6.2 to be:

(a) made available to pay for the cost of repair or replacement of the Property which was the subject of such loss, damage, destruction or other casualty, such proceeds shall be made available in the manner and under such reasonable and customary conditions as Agent may require, including, without limitation, at the option of Agent (i) the prior approval of Agent of any plans and specifications, the project budget, the project schedule, the contractor and the construction contract to be entered into with respect to such repair or restoration and any changes or amendments thereto, (ii) evidence that the amount of such proceeds, together with any funds deposited by Borrowers with Agent for such purpose, will be sufficient to complete the repair or restoration in accordance with the approved plans and specifications and (iii) the execution and delivery of a customary construction loan escrow agreement among Agent, Borrowers and a title company acceptable to Agent providing for disbursement of funds to pay the costs of such repair or replacement free and clear of mechanics and materialmans liens and any other Liens other than Permitted Liens; or

(b) applied to the payment of Borrowers' Obligations, such proceeds shall be applied to Borrowers' Obligations in the following order of priority: (i) first, to the payment of any and all sums which then are due and payable pursuant to the terms of the Loan Instruments, other than the Principal Balance and interest accrued thereon, (ii) next to accrued and unpaid interest on the Principal Balance until all such accrued and unpaid interest is paid in full and (iii) then to the Principal Balance in the inverse order of the maturity of the installments thereof.

6.7 Future Leases. Deliver to Agent, concurrently with the execution by any Borrower, as lessee, of any lease pertaining to real property other than any leases which consists of Unencumbered Property or which is subject to any GE Indebtedness Lien (i) an executed copy thereof, (ii) a Landlord's Agreement from the landlord under such lease, (iii) a first leasehold mortgage or leasehold deed of trust in form and substance substantially similar to the Leasehold Mortgages, (iv) a lender's policy of title insurance, in such form and amount and containing such endorsements as shall be reasonably satisfactory to Agent, (v) an ALTA/ACSM survey of the real estate demised under such lease, (vi) an Environmental Audit with respect to such real property and (vii) such other documents and assurances with respect to such lease as Agent may require.

6.8 Future Acquisitions of Real Property. Deliver to Agent concurrently with the (i) execution by any Borrower of any contract relating to the purchase by such Borrower of any real property other than any real property which consists of Unencumbered Property or which is subject to any GE Indebtedness Lien, an executed copy of such contract and an Environmental Phase I Report with respect to such real property and (ii) closing of the purchase of such real property, (A) a first mortgage or deed of trust in favor of Agent on such real property, in form and substance reasonably satisfactory to Agent, (B) a lender's policy of title insurance, in such form and amount and containing such endorsements as shall be satisfactory to Agent, (C) an ALTA/ACSM survey of such real property, (D) an Environmental Phase I Report with respect to such real property and (E) such other documents and assurances with respect to such real property as Agent may require.

6.9 Environmental Matters. At all times comply in all material respects with, and be responsible for, its obligations under all Environmental Laws applicable to the Real Estate, Leasehold Property and any other Property owned by such Borrower or used by such Borrower in the operation of such Borrower's Restaurant Business. At its sole cost and expense, each Borrower shall (i) comply in all material respects with (A) any written notice of any violation or administrative or judicial complaint or order having been filed against such Borrower, any portion of any Real Estate or Leasehold Property or any other Property owned by such Borrower or used by such Borrower in the operation of its business alleging violations of any law, ordinance and/or regulation requiring such Borrower to take any action in connection with the release, transportation and/or clean-up of any Hazardous Materials, and (B) any written notice from any Governmental Body or any other Person alleging that such Borrower is or may be liable for costs associated with a response or clean-up of any Hazardous Materials or any damages resulting from such release or transportation, or (ii) diligently contest in good faith by appropriate proceedings any demands set forth in such notices, provided (A) reserves in an amount reasonably satisfactory to Agent to pay the costs associated with complying with any such notice are established by such Borrower and (B) no Lien would or will attach to the Property which is the subject of any such notice as a result of any compliance by such Borrower which is delayed during any such contest. Promptly upon receipt of any written notice described in the foregoing clause (i), Borrowers shall deliver to Agent a copy thereof.

6.10 Compliance with Laws. Comply with all federal, state and local laws, ordinances, requirements and regulations and all judgments, orders, injunctions and decrees applicable to the Borrowers and their operations, the failure to comply with which reasonably could be expected to have a Material Adverse Effect.

6.11 Taxes and Claims. Pay and discharge all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any Property belonging to it, prior to the date on which penalties attach thereto, and all lawful claims which, if unpaid, might become a Lien (other than a Permitted Lien) upon the Property of any Borrower, provided that no Borrower shall be required by this Section 6.11 to pay any such amount if the same is being contested diligently and in good faith by appropriate proceedings and as to which the appropriate Borrower has set aside reserves on its books reasonably satisfactory to Agent.

6.12 Maintenance of Properties. Maintain all of its Properties necessary in the operation of its Restaurant Business in good working order and condition, normal wear and tear excepted.

6.13 Governmental Approvals. Upon the exercise by Agent and/or Lenders after the occurrence and during the continuance of any Event of Default of any power, right or privilege pursuant to the provisions of any of the Loan Instruments requiring any consent, approval or authorization of any Governmental Body (including, without limitation, transfers of Licenses), promptly execute and cause the execution of all applications, certificates, instruments and other documents that Agent and/or Lenders may be required to obtain for such consent, approval or authorization.

6.14 Payment of Indebtedness. Except as to matters being contested in good faith and by appropriate proceedings and except to the extent prohibited by the terms of this Loan Agreement, promptly pay when due, or in conformance with customary trade practices, all of its Indebtedness.

6.15 Additional Borrowers. Deliver to Agent:

6.15.1 Notice of Additional Borrowers. At least 30 days' prior notice of the date any Borrower intends to form or acquire any Additional Borrower and prompt notice of the date such Additional Borrower in fact is formed or acquired.

6.15.2 Joinder Agreement. On the date any Additional Borrower in fact is formed or acquired, a joinder agreement, in form and substance reasonably satisfactory to Agent, executed by such Additional Borrower pursuant to which, among other things, such Additional Borrower shall (i) severally assume Borrowers' Obligations and guarantee the payment and performance of Borrowers' Obligations on the same terms and conditions as the Borrowers existing on the Closing Date, (ii) join with and into the Security Agreement and each other Loan Instrument executed by the Borrowers existing on the Closing Date, all as amended to the date of such joinder agreement and (iii) grant to Agent a Lien on the Collateral of such Additional Borrower, free and clear of all other Liens other than Permitted Liens and subject in priority only to Permitted Prior Liens, to secure Borrowers' Obligations.

6.15.3 Pledge Agreement. On the date any Additional Borrower other than the Holding Company in fact is formed or acquired, a pledge agreement pledging the equity interests of such Additional Borrower, in form and substance substantially identical to the Pledge Agreements delivered on the Closing Date, together with the original certificates, if any evidencing such equity interests and an undated assignment separate from certificate, executed in blank by Borrowers, with respect to each such certificate.

6.15.4 Other Documents. On the date any Additional Borrower in fact is formed or acquired, such other instruments, documents, agreements, financing statements, consents and waivers as Agent reasonably may require to effectuate the joinder of such Additional Borrower with and into the Loan Instruments as contemplated by this Section 6.16.

6.15.5 Opinion of Counsel. On the date any Additional Borrower in fact is formed or acquired, an opinion of counsel to such Additional Borrower, addressed to Agent, as a Lender and as Agent, in such form and covering such matters as Agent reasonably may require and are similar to the matters covered in the opinion of counsel delivered to Agent on the Closing Date with respect to the Borrowers existing on the Closing Date.

6.16 Inactive Subsidiaries. On or prior to March 31, 2001 (i) cause each Inactive Subsidiary to be liquidated and dissolved in accordance with applicable laws and (ii) deliver to Agent evidence reasonably satisfactory to Agent of each such liquidation and dissolution, including, without limitation, copies, certified by the applicable Governmental Body, of all documents filed with such Governmental Body to effect each such liquidation and dissolution.

6.17 Excluded Collateral. Deliver to Agent such Mortgages, Leasehold Mortgages, Security Agreements, UCC financing statements, other Security Instruments, surveys, title insurance and landlord's and mortgagee's consents as Agent reasonably may required to grant to Agent, as security for Borrowers' Obligations, a valid and perfected Lien, subject only to Permitted Liens and subject in priority only to Permitted Prior Liens, on (i) each item of Excluded Personal Property and Excluded Real Estate which secures the AEI Indebtedness, the Orix Indebtedness, the MetLife Indebtedness, the Captec Indebtedness, the Bonnyville Indebtedness or the GE Indebtedness, in each case within 30 days after the repayment of the applicable Indebtedness and (ii) each parcel of the Real Estate Held for Sale which has not been sold to an

unaffiliated third party of any Borrower prior to the second anniversary of the Closing Date, within 30 days after the second anniversary of the Closing Date.

6.18 Interest Rate Protection. Maintain in effect an interest rate cap, hedge or similar agreement reasonably satisfactory to Agent to hedge its exposure to fluctuations in interest rates to the extent that the aggregate amount of all Indebtedness of Borrowed Money of Borrowers bearing interest determined by reference to one or more floating rate exceeds $40,000,000.

ARTICLE VII

NEGATIVE COVENANTS

Until all of Borrowers' Obligations are paid and performed in full, no Borrower shall:

7.1 Borrowing. Create, incur, assume or suffer to exist any liability for Indebtedness for Borrowed Money without the prior written consent of Agent, which consent may be given or withheld in the sole and unlimited discretion of Agent, except (i) Borrowers' Obligations, (ii) the Orix Indebtedness, provided the aggregate principal amount thereof does not exceed $233,358 at any time, (ii) the MetLife Indebtedness, provided the aggregate principal amount thereof does not exceed $3,619,541 at any time, (iii) the Captec Indebtedness, provided the aggregate principal amount thereof does not exceed $18,776,886 at any time, (iv) the Bonnyville Indebtedness, provided the aggregate principal amount thereof does not exceed $1,113,796 at any time, (v) the AEI Indebtedness, provided the aggregate principal amount thereof does not exceed $146,235, (vi) Purchase Money/Capitalized Lease Indebtedness, (vii) the GE Indebtedness existing as of the Closing Date, provided the aggregate amount thereof does not exceed $600,000 at any time and (viii) the GE Indebtedness incurred after the Closing Date, provided (A) the aggregate principal amount thereof does not exceed $10,000,000 at any time, (B) no Event of Default exists at the time or would be created by the incurrence of any such GE Indebtedness and (C) Borrowers provide to Agent copies of all GE Indebtedness Instruments relating to such GE Indebtedness prior to incurring such GE Indebtedness.

7.2 Liens. Create, incur, assume or suffer to exist any Lien upon any of its Property, whether now owned or hereafter acquired, except Permitted Liens, or enter into any agreement other than this Loan Agreement which would prohibit any Borrower from granting any Lien (i) upon any of the Unencumbered Property or (ii) which is required to be granted to Agent pursuant to Sections 6.7, 6.8 or 6.17.

7.3 Merger and Acquisition. Consolidate with or merge with or into any Person (other than the Snyder Group Merger), acquire directly or indirectly all or substantially all of the capital stock, equity interests or, except for New Stores to the extent permitted under Section 7.9, Property of any Person, or enter into any agreement for any of the foregoing.

7.4 Contingent Liabilities. Assume, guarantee, endorse, contingently agree to purchase, become liable in respect of any letter of credit, or otherwise become liable upon the obligation of any Person, except for liabilities arising from the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business.

7.5 Dividends and Distributions. Make any dividends, distributions or other shareholder expenditures (in their capacity as such) or apply any of its Property to the purchase, redemption or other retirement of, or set apart any sum for the payment of, or make any other distribution in respect of the Borrower Equity Interests except that (i) any Borrower may pay cash dividends to Red Robin at any time and (ii) to the extent required by the Snyder Employment Agreement, Red Robin may repurchase the Red Robin Capital Stock owned by Snyder from the proceeds of the Supplemental Key Man Life Insurance.

7.6 Payments of Indebtedness for Borrowed Money. Make any payment or prepayment on account of any Indebtedness for Borrowed Money other than Borrowers' Obligations, except that Borrowers may make regularly scheduled payments on account of the AEI Indebtedness, the Orix Indebtedness, the MetLife Indebtedness, the Captec Indebtedness, the Bonnyville Indebtedness, the GE Indebtedness and Purchase Money/Capitalized Lease Indebtedness.

7.7 Investments, Loans. At any time purchase or otherwise acquire, hold or invest in the capital stock of, or any other interest in, any Person, or make any loan or advance to, or enter into any arrangement for the purpose of providing funds or credit to, or make any other investment, whether by way of capital contribution or otherwise, in or with any Person, including, without limitation, any Affiliate, except (i) investments in direct obligations of, or instruments unconditionally guaranteed by, the United States of America or in certificates of deposit issued by a Qualified Depository, (ii) investments in commercial or finance paper which, at the time of investment, is rated "A" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation, respectively, or at the equivalent rate by any of their respective successors, (iii) any interests in any money market account maintained, at the time of investment, with a Qualified Depository, the investments of which, at the time

of investment, are restricted to the types specified in clause (i) above, (iv) the interests held by Red Robin of each other Borrower existing as of the Closing Date and (v) that Borrowers may (A) form or acquire Additional Borrowers, provided no Event of Default exists and is continuing at the time of or would be created by the acquisition or formation by such Borrower of any such Additional Borrower and (B) from time to time upon prior notice to Agent enter into agreements with franchisees to convert franchise fees otherwise due and payable to Red Robin into secured or unsecured debt obligations to Red Robin provided no Event of Default exists and is continuing at the time such agreements are entered into and all instruments executed and delivered in connection with each such conversion promptly are delivered to Agent together with an allonge endorsing such instruments to Agent. All investments permitted pursuant to clauses (i), (ii) and (iii) of this Section 7.7 shall have a maturity not exceeding one year.

7.8 Fundamental Business Changes. Materially change the nature of its business, engage in any business other than the Restaurant Business.

7.9 Development of New Stores. Acquire, construct, renovate or develop any new restaurants (i) if any Event of Default then exists and is continuing or any event or proceeding has occurred or shall be pending which could reasonably be expected to have a Material Adverse Effect and (ii) other than the New Stores without the prior written consent of Agent, which consent shall not be unreasonably withheld or delayed but may be conditioned upon Agent's review and approval of (A) the demographics of the applicable New Store, (B) the proposed construction and/or renovation budget and capitalization plan for such New Store, including any changes thereto, (C) copies of the construction and/or renovation contracts for such New Store, (D) financial projections for the first year of operation of such New Store, (E) if the real estate upon which such New Store is located is leased by a Borrower, the applicable Lease and the results of an Environmental Audit for such real estate and (F) if the real estate upon which such New Store is located is

owned by a Borrower, the purchase contract for such real estate and an Environmental Phase I Report for such real estate. Agent shall be deemed to have given its consent to the development of the New Stores described on Schedule 7.9.

7.10 Facility Sites. Change the locations of its chief executive office, any Store or other Property used in the operation of the Stores unless (i) Agent shall have received at least 30 days' prior written notice thereof, (ii) the applicable Borrower shall have complied in all material respects with all applicable laws, rules and regulations and shall have received all required consents and approvals from any Governmental Body, (iii) Agent shall have received satisfactory evidence that such change could not reasonably be expected to have a Material Adverse Effect and (iv) the applicable Borrower shall have executed and delivered to Agent any documents Agent reasonably may require in order to maintain the validity and priority of the Security Interests.

7.11 Sale or Transfer of Assets. Sell, lease, assign, transfer or otherwise dispose of any Property except for the sale or disposition of (i) inventory in the ordinary course of business, (ii) Property (other than any Store) which is not material to or necessary for the continued operation of its business and (iii) obsolete or unusable items of equipment which promptly are replaced with new items of equipment of like function, provided such replacement items of equipment shall become subject to the Security Interests.

7.12 Amendment of Certain Agreements. Amend, modify or waive any term or provision of (i) its articles of organization, certificate of incorporation, by-laws or other constitutive or organizational documents or any of the other Equity Instruments, except pursuant to the Corporate Reorganization Documents, (ii) the Quad-C Investment Instruments, (iii) the Snyder Group Merger Instruments, (iv) the Trust Indenture, the Debentures or the Sinking Fund Assignment Instruments, (v) the Snyder Employment Instruments, (vi) the Quad-C Consulting Agreement, (v) any Leases, (vi) the Bonnyville Indebtedness Instruments, (vii) the Captec Indebtedness Instruments, (viii) the MetLife Indebtedness Instruments, (ix) the Orix Indebtedness Instruments, (x) the AEI Indebtedness Instruments or (xi) once executed and delivered, the GE Indebtedness Instruments.

7.13 Acquisition of Additional Properties. Acquire any additional Property except such Property as is necessary to or useful in the operation of its business, provided that all such acquisitions shall be subject to the conditions and limitations set forth in this Loan Agreement.

7.14 Issuance of Capital Stock. Issue or sell or permit to be issued any

additional capital stock or other equity interests or any options or other interests convertible into or exercisable for any such additional capital stock or other equity interests, except (i) in connection with the Corporate Reorganization provided no Event of Default or Incipient Default exists and is continuing at the time of such issuance or sale and (ii) that the Holding Company may issue or sell additional capital stock or warrants or options to acquire capital stock provided that (A) no Event of Default would be created by such issuance or sale and (B) the terms and conditions under which such additional capital stock or warrants or options to acquire capital stock are issued or sold do not and could not provide for any mandatory payments or distributions in respect thereof or any mandatory redemptions thereof.

7.15 Transactions with Affiliates. Sell, lease, assign, transfer or otherwise dispose of any Property to any Affiliate, lease Property, render or receive services or purchase assets from any Affiliate, or otherwise enter into any contractual relationship with any Affiliate, except (i) the Snyder Employment Instruments, (ii) the Quad-C Consulting Agreement and the payment of Quad-C's expenses in connection

with the Quad-C Investment, (iii) the payment of up to $100,000 per year to each of Gerry Kingen and Joe Ide and (iv) any transaction in the ordinary course of business which is on terms no less favorable to such Borrower than would be attainable on an arm's-length basis by such Borrower from anyone not an Affiliate of any Borrower.

7.16 Compliance with ERISA.

(i) Permit the occurrence of any Termination Event which would result in a liability to the Borrowers or any ERISA Affiliate in excess of $250,000;

(ii) Permit the present value of all benefit liabilities under all Pension Plans to exceed the current value of the assets of such Pension Plans allocable to such benefit liabilities by more than $50,000;

(iii) Permit any accumulated funding deficiency in excess of $250,000 (as defined in Section 302 of ERISA and Section 412 of the Code) with respect to any Pension Plan, whether or not waived;

(iv) Fail to make any contribution or payment to any Multiemployer Plan which the Borrowers or any ERISA Affiliate may be required to make under any agreement relating to such Multiemployer Plan, or any law pertaining thereto which results in or is likely to result in a liability in excess of $250,000;

(v) Engage, or with its knowledge or acquiescence, permit any Borrower or any ERISA Affiliate to engage, in any "prohibited transaction" as such term is defined in Section 406 of ERISA or Section 4975 of the Code for which a civil penalty pursuant to Section 502(i) of ERISA or a tax pursuant to Section 4975 of the Code in excess of $250,000 is imposed;

(vi) Permit the establishment of any Employee Benefit Plan providing post-retirement welfare benefits or establish or amend any Employee Benefit Plan which establishment or amendment could result in liability to any Borrower or any ERISA Affiliate or increase the obligation of any Borrower or any ERISA Affiliate to a Multiemployer Plan which liability or increase, individually or together with all similar liabilities and increases, is material to any Borrower or any ERISA Affiliate; or

(vii) Fail, or with its knowledge or acquiescence, permit any Borrower or any ERISA Affiliate to fail, to establish, maintain and operate each Employee Benefit Plan in compliance in all material respects with ERISA, the Code and all other applicable laws and regulations and interpretations thereof.

7.17 Fiscal Year. Change the Red Robin Fiscal Year from a fiscal year ending closest to the last Sunday of each year and consisting of thirteen fiscal accounting periods.

7.18 Debt Service Coverage Ratio. Permit the Debt Service Coverage Ratio as of the last day of any Red Robin Fiscal Quarter during any period set forth below to be less than the ratio set forth below opposite such period:

Period	Ratio

Closing Date - October 7, 2001	1.40:1.00
October 8, 2001 - December 30, 2001	1.45:1.00
December 31, 2001 - December 29, 2002	1.50:1.00
December 30, 2002 - December 28, 2003	1.60:1.00
December 29, 2003 - Maturity Date	1.75:1.00

7.19 Fixed Charge Coverage Ratio. Permit the Fixed Charge Coverage Ratio as of the last day of any Red Robin Fiscal Quarter during any period set forth below to be less than the ratio set forth opposite such period:

Period	Ratio
Closing Date - October 7, 2001	1.20:1.00
October 8, 2001 - December 29, 2002	1.25:1.00
December 30, 2002 - December 28, 2003	1.30:1.00
December 29, 2003 - Maturity Date	1.40:1.00

7.20 Leverage Ratio. Permit the Leverage Ratio as of the last day of any Red Robin Fiscal Quarter during any period set forth below to be greater than the ratio set forth opposite such period:

Period	Ratio
Closing Date - December 31, 2000	4.50:1.00
January 1, 2001 - December 30, 2001	4.00:1.00
December 31, 2001 - December 29, 2002	3.50:1.00
December 30, 2002 - Maturity Date	3.00:1.00

ARTICLE VIII

DEFAULT AND REMEDIES

8.1 Events of Default. The occurrence of any of the following shall constitute an Event of Default under the Loan Instruments:

8.1.1 Default in Payment. If Borrowers shall fail to pay all or any portion of Borrowers' Obligations when the same become due and payable.

8.1.2 Breach of Covenants.

(a) If Borrowers shall fail to maintain their respective corporate existence or if any Borrower shall fail to observe or perform any covenant or agreement contained in Section 6.2, 6.9, 6.10, 6.11, 6.13 through 6.18 or in Article VII;

(b) If any Borrower shall fail to observe or perform any covenant or agreement contained in Section 6.5 or 6.6 and such failure shall continue for 5 Business Days; or

(c) If any Borrower shall fail to observe or perform any covenant or agreement (other than those referred to in subparagraphs (a) and (b) above or specifically addressed elsewhere in this Section 8.1) made by such Person in any of the Loan Instruments to which such Person is a party, and such failure shall continue for a period of 30 days.

8.1.3 Breach of Warranty. If any representation or warranty made by or on behalf of any Borrower in or pursuant to any of the Loan Instruments or in any instrument or document furnished in compliance with the Loan Instruments shall prove to be false or misleading in any material respect when made or deemed to be made.

8.1.4 Default Under Other Indebtedness for Borrowed Money. If (i) any Borrower at any time shall be in default (as principal or guarantor or other surety) in the payment of any principal of or premium or interest on any Indebtedness for Borrowed Money (other than Borrowers' Obligations) beyond the grace period, if any, applicable thereto and the aggregate amount of such payments then in default beyond such grace period shall exceed $100,000 or (ii) any material default shall occur in respect of any

issue of Indebtedness for Borrowed Money of any Borrower (other than Borrowers' Obligations) outstanding in a principal amount of at least $250,000, or in respect of any agreement or instrument relating to any such issue of Indebtedness for Borrowed Money, and such default shall continue beyond the grace period, if any, applicable thereto.

8.1.5 Bankruptcy.

(a) If any Borrower shall (i) generally not be paying its debts as they become due, (ii) file, or consent, by answer or otherwise, to the filing against it of a petition for relief or reorganization or arrangement or any other petition in bankruptcy or insolvency under the laws of any jurisdiction, (iii) make an assignment for the benefit of creditors, (iv) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers for it or for any substantial part of its Property, or (v) be adjudicated insolvent.

(b) If any Governmental Body of competent jurisdiction shall enter an order appointing, without consent of the applicable Borrower, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its Property, or if an order for relief shall be entered in any case or proceeding for liquidation or reorganization or otherwise to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of a Borrower of any petition for any such relief shall be filed against it and such petition shall not be dismissed or stayed within 60 days.

8.1.6 Judgments. If there shall be entered against the Borrowers one or more judgments, awards or decrees, or orders of attachment, garnishment or any other writ, which exceed $250,000 (including the amount of any standard deductibles with respect to any of the foregoing otherwise covered by insurance) in the aggregate at any one time outstanding, excluding judgments, awards, decrees, orders or writs (i) for which there is full insurance (subject to standard deductibles) and with respect to which the insurer has assumed responsibility in writing, (ii) for which there is full indemnification (upon terms and by creditworthy indemnitors which are satisfactory to Agent) or (iii) which have been in force for less than the applicable period for filing an appeal so long as execution has not been levied thereunder or in respect of which the applicable Borrower shall at the

time in good faith be prosecuting an appeal or proceeding for review and in respect of which a stay of execution or appropriate appeal bond shall have been obtained pending such appeal or review.

8.1.7 Impairment of Licenses; Other Agreements. If (i) any Governmental Body shall revoke, terminate, suspend or adversely modify any License of any Borrower, the adverse modification or non-continuation of which reasonably could be expected to have a Material Adverse Effect, or (ii) there shall exist any violation or default in the performance of, or a material failure to comply with any agreement, or condition or term of any License or Franchise Agreement, which violation, default or failure has a Material Adverse Effect, or (iii) any License, Franchise Agreement or other agreement which is necessary to the operation of the Restaurant Business of any Borrower shall be revoked or terminated and not replaced by a substitute acceptable to Agent within 30 days after the date of such revocation or termination, and such revocation or termination and non-replacement reasonably could be expected to have a Material Adverse Effect.

8.1.8 Collateral. If any material portion of the Collateral shall be seized or taken by a Governmental Body or Person, or any Borrower shall fail to maintain or cause to be maintained the Security Interests and priority of the Loan Instruments as against any Person, or the title and rights of any Person party to any Loan Instrument to any material portion of the Collateral shall have become the subject matter of litigation which could reasonably be expected to result in impairment or loss of the security provided by the Loan Instruments.

8.1.9 Plans. If an event or condition specified in subsection 6.3.10 hereof shall occur or exist with respect to any Pension Plan or Multiemployer Plan and, as a result of such event or condition, together with all other such events or conditions, any Borrower or any ERISA Affiliate shall incur, or in the opinion of Agent be reasonably likely to incur, a liability to a Pension Plan or Multiemployer Plan or the PBGC (or any of them) which, in the reasonable judgment of Lender, would have a

Material Adverse Effect.

8.1.10 Change in Management or Control. If at any time (i) Snyder shall cease to devote his full business time and effort to the day-to-day management of the operations and affairs of Borrowers, (ii) Red Robin shall cease to own and control, directly or indirectly, all of the Borrower Subsidiary Capital Stock, (iii) Snyder and one or more Quad-C Entities shall cease to (A) own and control a majority of Red Robin Capital Stock or, following the Corporate Reorganization, the Holding Company Capital Stock or (B) have the ability to appoint a majority of the Board of Directors of Red Robin and, following the Corporate Reorganization, a majority of the Board of Directors of the Holding Company or (iv) the control and veto rights granted to directors designated by Skylark Company, Ltd under the Shareholders Agreement are expanded.

8.1.11 Corporate Reorganization. If (i) prior to the first anniversary of the Closing Date the Corporate Reorganization is not consummated and duly executed originals of the Substitute Pledge Documents and copies of duly executed originals of the Corporate Reorganization Documents are not delivered to Agent, (ii) at any time prior to the consummation of the Corporate Reorganization at least 90% of the sum of (A) all of shares of capital stock of Red Robin then issued and outstanding and (B) all shares of capital stock of Red Robin issuable in respect of all warrants, options and other rights to acquire shares of capital stock of Red Robin then outstanding which then are exercisable shall cease to be pledged to Agent pursuant to the Red Robin Pledge Agreement or (iii) any time from and after the consummation of the Corporate Reorganization less than 100% of

the Red Robin Capital Stock shall cease to be pledged to Agent pursuant to the Substitute Pledge Agreement.

8.2 Acceleration of Borrowers' Obligations. Upon the occurrence of:

(a) any Event of Default described in clauses (ii), (iii), (iv) and (v) of subsection 8.1.5(a) or in 8.1.5(b), all of Borrowers' Obligations at that time outstanding automatically shall mature and become due, and

(b) any other Event of Default, the Required Lenders, at any time, at their option, without further notice or demand, may declare all of Borrowers' Obligations due and payable, whereupon Borrowers' Obligations immediately shall mature and become due and payable,

all without presentment, demand, protest or notice (other than notice of the declaration referred to in clause (b) above), all of which hereby are waived.

8.3 Remedies on Default. If Borrowers' Obligations have been accelerated pursuant to Section 8.2, upon the written request and at the direction of the Required Lenders, the Agent may:

8.3.1 Enforcement of Security Interests. Enforce its rights and remedies under the Loan Instruments in accordance with their respective terms.

8.3.2 Other Remedies. Enforce any of the rights or remedies accorded to Lenders and/or Agent at equity or law, by virtue of statute or otherwise.

Without limiting the generality of the foregoing and without derogating from any right, remedy or other provision contained in this Loan Agreement or any other Loan Instrument, at any time from and after the acceleration of Borrowers' Obligations, Agent shall have the right to apply for and have a receiver appointed by a court of competent jurisdiction in any action taken by Agent to enforce the rights accorded to it or Lenders hereunder and thereunder in order to manage, protect and preserve the Collateral, or to sell or dispose of the Collateral, and to collect all revenues and profits thereof and apply the same as set forth in Section 8.4. To the extent not prohibited by applicable law, each Borrower hereby irrevocably consents to and waives any right to object to or otherwise contest to the appointment of a receiver as provided above. Each Borrower (i) grants such waiver and consent knowingly after having discussed the implications thereof with counsel, (ii) acknowledges that (A) the uncontested right to have a receiver appointed for the foregoing purposes is considered essential by Lenders in connection with the enforcement of their rights and remedies hereunder and under the other Loan Instruments and (B) the availability of such appointment as a remedy under the foregoing circumstances was a material factor in inducing Lenders to make the Loans to Borrowers and (iii) to the extent not prohibited by applicable law, agrees to enter into any and all

stipulations in any legal actions, or agreements or other instruments in connection with the foregoing, and to cooperate fully with Agent and Lenders in connection with the assumption and exercise of control by any receiver over all or any portion of the Collateral.

8.4 Application of Funds. Any funds received by Lenders, Agent after the occurrence and during the continuance of an Event of Default or pursuant to the exercise of any rights accorded to Lenders and/or Agent pursuant to, or by the operation of any of the terms of, any of the Loan Instruments, including,

without limitation, insurance proceeds, condemnation proceeds or proceeds from the sale of Collateral shall be applied to Borrowers' Obligations in the following order of priority:

8.4.1 Expenses. First, to the payment of (i) all fees and expenses actually incurred, including, without limitation, court costs, fees of appraisers, title charges, costs of maintaining and preserving the Collateral, costs of sale, and all other costs incurred by Agent and Lenders, in exercising any rights accorded to such Persons pursuant to the Loan Instruments or by applicable law, including, without limitation, reasonable attorney's fees, and (ii) all Liens superior to the Liens of Agent except such superior Liens subject to which any sale of the Collateral may have been made.

8.4.2 Borrower's Obligations. Next, to each Lender in proportion to its respective ratable shares of the remaining unpaid balance of Borrower's Obligations in such order as Lenders may determine.

8.4.3 Surplus. Any surplus, to the Person or Persons entitled thereto.

8.5 Performance of Borrowers' Obligations. If any Borrower fails to (i) maintain in force and pay for any insurance policy or bond which such Borrower is required to provide pursuant to any of the Loan Instruments, (ii) keep the Collateral free from all Liens except for Permitted Liens, (iii) pay when due all taxes, levies and assessments on or in respect of the Collateral, except as otherwise permitted pursuant to the terms hereof, (iv) make all payments and perform all acts on the part of such Borrower to be paid or performed in the manner required by the terms hereof and by the terms of the other Loan Instruments with respect to any of the Collateral, including, without limitation, all expenses of protecting, storing, warehousing, insuring, handling and maintaining the Collateral, (v) keep fully and perform promptly any other of the obligations of such Borrower hereunder or under any of the other Loan Instruments, and (vi) keep fully and perform promptly the obligations of such Borrower with respect to any issue of Indebtedness for Borrowed Money secured by a Permitted Prior Lien, then Agent or Lenders may (but shall not be required to) procure and pay for such insurance policy or bond, place such Collateral in good repair and operating condition, pay, contest or settle such Liens or taxes or any judgments based thereon or otherwise make good any other aforesaid failure of such Borrower. Borrowers shall reimburse Agent and Lenders immediately upon demand for all sums paid or advanced on behalf of any Borrower for any such purpose, together with costs and expenses (including reasonable attorney's fees) paid or incurred by Agent and Lenders in connection therewith and interest on all sums advanced from the date of advancement until repaid to Agent and Lenders at the Default Rate. All such sums advanced by Agent and Lenders, with interest thereon, immediately upon advancement thereof, shall be deemed to be part of Borrowers' Obligations.

ARTICLE IX

ADDITIONAL LENDERS AND PARTICIPANTS; THE AGENT

9.1 Assignment to Other Lenders.

9.1.1 Assignment. FINOVA may make one or more Loan Assignments and each Assignee, with the prior written consent of Agent (which may be given or denied in the sole discretion of Agent), may make a Loan Assignment of the rights and obligations which were

assigned to such Assignee, provided, however, that (i) each Loan Assignment shall be of a constant, and not a varying, percentage of all rights and

obligations of such Lender under this Loan Agreement, (ii) each Loan Assignment shall not be less than $5,000,000 and shall be in integral multiples of $1,000,000 in excess thereof, (iii) the parties to each such Loan Assignment shall execute and deliver to the Agent an Assignment and Acceptance, together with any Note or Notes subject to such assignment and (iv) the Assignee shall pay to Agent an assignment fee of $3,500.

9.1.2 Effect of Loan Assignment. Upon the execution, delivery, acceptance and recording of an Assignment and Acceptance (i) the Assignee thereunder shall be a party to this Loan Agreement and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (ii) the Lender thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Loan Agreement.

9.1.3 Register. Agent shall maintain a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names, addresses, and interests of the Lenders in Borrowers' Obligations (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and Borrowers, Agent and Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by any Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

9.1.4 Substitution of Notes. Simultaneously with the delivery by Agent to Borrowers of any Note which is the subject of a Loan Assignment which is marked "canceled," Borrowers shall execute and deliver to Agent for delivery to (i) the applicable Assignee, a Note payable to the order of such Assignee in an amount equal to the amount assigned to such Assignee, and (ii) the assigning Lender, a Note payable to the order of such Lender in an amount equal to the amount retained by such Lender, each such Note to be substantially in the form of the canceled Note.

9.1.5 Inspections. Any action which any Assignee shall desire to undertake pursuant to Section 6.2 shall be coordinated by such Assignee through Agent, and Agent shall accompany each such Assignee which desires to undertake any such action pursuant to Section 6.2.

9.2 Participations. Subject to the restrictions set forth in subsection 9.1.1, each Lender shall have the right to sell Participations. In the event of the sale of a Participation, the obligations of the Lender selling such a Participation shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any Note which previously has been delivered to Lender pursuant to the terms of this Loan Agreement, and Borrowers shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Loan Agreement. Notwithstanding the sale of any Participation, all amounts payable by Borrowers pursuant to the terms of the Loan Instruments shall be determined as if no such Participation had been sold. No Participant shall be entitled to require a Lender to take or omit to take any action pursuant to the Loan Instruments except as provided in the Participation Agreement executed by and between the Participant and such Lender.

9.3 Set Off and Sharing of Payments. Upon the occurrence of any Event of Default and in addition to and not in limitation of the rights of offset that any Lender may have under applicable law, and whether or not any Lender has made any demand or Borrowers' Obligations have matured, each Lender shall have the right, at any time or from time to time after the occurrence of such Event of Default, without notice to Borrowers or to any other Person, to set off and to appropriate and apply to the payment of Borrowers' Obligations any and all deposits, balances and other obligations held by such Lender for the account of Borrowers, and any other Property at any time held or owing by such Lender to or for the credit or for the account of Borrowers. Each Lender exercising such rights shall notify the Agent thereof and any amount received as a result of the exercise of such rights shall be shared by Lenders in accordance with their Pro Rata Shares. Borrowers agree that (i) each Lender may exercise its right to set off with respect to amounts in excess of such Lender's share of Borrowers' Obligations and may sell Participations in such excess to other Lenders and (ii) any Lender so purchasing a Participation in the Loan made or other of Borrowers' Obligations held by other Lenders may exercise all rights of set-off, bankers' lien, counterclaim or similar rights with respect to such Participation as fully as if such Lender were a direct holder of the Loan and other of Borrowers'

Obligations in the amount of such Participation.

9.4 Appointment of Agent. Each Lender hereby irrevocably appoints and authorizes FINOVA to act as Agent for such Lender under this Loan Agreement and to execute and deliver or accept the other Loan Instruments on behalf of such Lender. Each Lender hereby irrevocably authorizes, and each holder of any Note by the acceptance of a Note shall be deemed irrevocably to authorize, the Agent to take such action on its behalf under the provisions of this Loan Agreement and the other Loan Instruments and any other instruments and agreements referred to herein and therein, and to exercise such powers and to perform such duties hereunder as are specifically delegated to or required of the Agent by the terms of this Loan Agreement, together with such powers as are reasonably incidental thereto. FINOVA agrees to act as the Agent on behalf of the Lenders to the extent provided in this Loan Agreement.

9.5 Delegation of Duties. The Agent may perform any of their respective duties hereunder by or through agents or employees and shall be entitled to engage and pay for the advice or services of any attorneys, accountants or other experts concerning all matters pertaining to its duties hereunder and to rely upon any advice so obtained.

9.6 Nature of Duties; Independent Credit Investigation. Agent shall have no duties or responsibilities except those expressly set forth in this Loan Agreement and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Loan Agreement or otherwise exist. The duties of Agent shall be mechanical and administrative in nature. Agent shall not have by reason of this Loan Agreement a fiduciary or trust relationship in respect of any Lender, and nothing in this Loan Agreement express or implied, is intended to or shall be so construed as to impose upon Agent any obligations in respect of this Loan Agreement except as expressly set forth herein. Each Lender expressly acknowledges that (i) Agent have not made any representations or warranties to it and that no act by Agent hereafter taken, including any review of the affairs of any of the Persons party to any Loan Instrument shall be deemed to constitute any representation or warranty by Agent to any Lender and (ii) it has made and will continue to make, without reliance upon Agent, its own independent investigation of the financial condition and affairs and its own appraisal of the creditworthiness of each of the Persons party to any Loan Instrument and the condition and value of the Collateral in connection with this Loan Agreement and the making of the Loan.

9.7 Instructions from Lenders. Agent shall have the right to request instructions from the Lenders by notice to each of the Lenders. If Agent shall request instructions from the Lenders with respect to any act or action (including the failure to act) in connection with this Loan Agreement, Agent shall be entitled to refrain from such act or taking such action unless and until Agent shall have received instructions from the Lenders or the Required Lenders, as applicable, and Agent shall not incur liability to any Person by reason of so refraining. No Lender shall have any right of action against Agent as a result of Agent acting or refraining from acting in accordance with the instructions of the Lenders or the Required Lenders, as applicable.

9.8 Exculpatory Provisions. Neither Agent, nor any of its respective directors, officers, employees, agents, attorneys or Affiliates shall (i) be liable to any Lender for any action taken or omitted to be taken by it or them pursuant to any Loan Instruments unless caused by it or its respective directors, officers, employees, agents, attorneys or Affiliates own gross negligence or willful misconduct, (ii) be responsible in any manner to any of Lenders for the effectiveness, enforceability, genuineness, validity or due execution of this Loan Agreement or any other Loan Instruments or for any recital, representation, warranty, document, certificate, report or statement herein or made or furnished under or in connection with this Loan Agreement or any other Loan Instruments, or (iii) be under any obligation to any of Lenders to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions hereof or thereof on the part of the Persons party to any Loan Instrument, the financial condition of such Persons, or the existence or possible existence of any Event of Default or Incipient Default.

9.9 Reimbursement and Indemnification by Lenders of Agent. Each Lender agrees to reimburse and indemnify Agent (to the extent not reimbursed by Borrowers and without limiting the obligation of Borrowers to do so) in proportion to its Pro Rata Share from and against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against Agent in its respective capacities as such, in any way relating to or arising out of this Loan Agreement or any other Loan Instruments or any action taken or omitted by Agent or Administrative hereunder or

thereunder, provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from Agent's own gross negligence or willful misconduct.

9.10 Reliance by Agent. Agent shall be entitled to rely upon any writing, telegram, telex or teletype message, resolution, notice, consent, certificate, letter, statement, order or other document or conversation by telephone or otherwise believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon the advice and opinions of counsel and other professional advisers selected by Agent. Agent shall be fully justified in failing or refusing to take any action hereunder unless it shall first be indemnified to its satisfaction by Lenders against any and all liability and expense (other than a liability or expense relating to gross negligence or willful misconduct) which may be incurred by it by reason of taking or continuing to take any such action.

9.11 Notice of Default. Agent shall not be deemed to have knowledge or notice of the occurrence of any Incipient Default or Event of Default unless Agent has received written notice from a Lender or Borrowers referring to this Loan Agreement, describing such Incipient Default or Event of Default and stating that such notice is a "notice of default."

9.12 Release of Collateral. Lenders hereby authorize Agent to release any Lien granted to Agent upon any Collateral upon (i) the payment and satisfaction of all of Borrowers' Obligations or (ii) the request of Borrowers if such release is required pursuant to the terms of any of the Loan Instruments.

9.13 Lenders in Their Individual Capacities. With respect to the portions of the Loan made by it, Agent shall have the same rights and powers as any other Lender and may exercise the same as though it were not Agent, and the term "Lenders" shall, unless the context otherwise indicates, include Agent in their individual capacity. Agent and its Affiliates and each of the Lenders and their respective Affiliates may, without liability to account, except as prohibited herein, make loans to, accept deposits from, discount drafts for, act as trustee under indentures of, and generally engage in any kind of banking or trust business with, Borrowers and their Affiliates as though such Lender were not a Lender hereunder.

9.14 Holders of Notes. Agent may deem and treat any payee of any Note as the owner hereof for all purposes unless and until Agent receives an Assignment and Acceptance with respect thereto. Any request, authority or consent of any Person who at the time of making such request or giving such authority or consent is the holder of any Note shall be conclusive and binding on any subsequent holder, transferee or assignee of such Note or of any Note or Notes issued in exchange therefor.

9.15 Successor Agent. Agent may resign at any time by giving not less than 30 days' prior written notice to Borrowers and the other Lenders. The Lenders shall have the right to appoint a successor Agent. If a successor Agent is not appointed within 30 days following Agent's notice of its resignation or its removal, Agent shall appoint a successor agent who shall serve as Agent until such time as the Lenders appoint a successor Agent. Upon its appointment, such successor Agent shall succeed to the rights, powers and duties of Agent and the term "Agent" shall mean such successor effective upon its appointment, and the former Agent's rights, powers and duties as Agent shall be terminated without any other or further act or deed on the part of such former Agent or any of the parties to this Agreement. After the resignation of any Agent, the provisions of this Article IX shall inure to the benefit of such former Agent and such former Agent shall not by reason of such resignation be deemed to be released from liability for any actions taken or not taken by it while it was Agent.

9.16 Delivery of Information. Agent shall not be required to deliver to any Lender originals or copies of any documents, instruments, reports, notices, communications or other information received by Agent from Borrowers or any other Person under or in connection with any Loan Instruments except (i) as specifically provided in the Loan Instruments or (ii) as specifically requested from time to time in writing by any Lender with respect to a specific document, instrument, notice or other written communication received by and in the possession of Agent at the time of receipt of such request and then only in accordance with such specific request.

9.17 Beneficiaries. Except as expressly provided in this Loan Agreement, the provisions of this Article IX are solely for the benefit of Agent,

Administrative and Lenders, and Borrowers shall not have any rights to rely on or enforce any of the provisions hereof. In performing its functions and duties under this Loan Agreement, Agent shall act solely as agent of Lenders and does not assume and shall not be deemed to have assumed any obligation toward or relationship of agency or trust with or for Borrowers.

ARTICLE X

CLOSING

The Closing Date shall be such date as the parties shall determine, and the Closing shall take place on such date, provided all conditions for the Closing as set forth in this Loan Agreement have been satisfied or otherwise waived by Agent. The Closing shall take place at the offices of Altheimer & Gray, 10 S. Wacker Drive, Suite 4000, Chicago, Illinois 60606, or such other place as the parties hereto shall agree. Unless the Closing occurs on or before September 15, 2000, this Loan Agreement shall terminate and be of no further force or effect and, except for any obligation of Borrowers to Agent pursuant to Article XI, none of the parties hereto shall have any further obligation to any other party.

ARTICLE XI

EXPENSES AND INDEMNITY

11.1 Attorney's Fees and Other Fees and Expenses. Whether or not any of the transactions contemplated by this Loan Agreement shall be consummated, Borrowers agree to pay to Agent on demand all documented expenses incurred by Agent in connection with the transactions contemplated hereby (including, without limitation, any appraisal fees, environmental audit fees and title and recording charges) and in connection with any amendments, modifications or waivers (whether or not the same become effective) under or in respect of any of the Loan Instruments, including, without limitation:

11.1.1 Fees and Expenses for Preparation of Loan Instruments. All expenses, disbursements and reasonable attorney's fees (including, without limitation, charges for required mortgagee's title insurance, lien searches, reproduction of documents, long distance telephone calls and overnight express carriers) of counsel retained by Agent in connection with the preparation and negotiation of the Loan Instruments or any amendments, modifications or waivers hereto or thereto.

11.1.2 Fees and Expenses in Enforcement of Rights or Defense of Loan Instruments. Any expenses or other costs, including reasonable attorney's fees and expert witness fees actually incurred by Agent in connection with the enforcement or collection against any Borrower or any other Person party to any Loan Instrument of any provision of any of the Loan Instruments, and in connection with or arising out of any litigation, investigation or proceeding instituted by any Governmental Body or any other Person with respect to any of the Loan Instruments, whether or not suit is instituted, including, but not limited to, such costs or expenses arising from the enforcement or collection against any Borrower or any other Person party to the Loan Instruments of any provision of any of the Loan Instruments in any state or federal bankruptcy or reorganization proceeding.

11.2 Indemnity. Borrowers jointly and severally agree to indemnify and save Agent and Lenders harmless of and from the following:

11.2.1 Brokerage Fees. The fees, if any, of brokers and finders engaged by any Borrower.

11.2.2 General. Any loss, cost, liability, damage or expense (including reasonable attorney's fees and expenses) incurred by Agent and Lenders, in investigating, preparing for, defending against, providing evidence, producing documents or taking other action in respect of any

commenced or threatened litigation, administrative proceeding, suit instituted by any Person or investigation under any law, including any

federal securities law, the Bankruptcy Code, any relevant state corporate statute or any other securities law, bankruptcy law or law affecting creditors generally of any jurisdiction, or any regulation pertaining to any of the foregoing, or at common law or otherwise, relating, directly or indirectly, to the transactions contemplated by or referred to in, or any other matter related to, the Loan Instruments, whether or not Agent or any Lender is a party to such litigation, proceeding or suit, or is subject to such investigation, except to the extent any such loss, cost, liability, damage or expense is the direct result of any gross negligence or willful misconduct by Agent or any Lender

11.2.3 Operation of Collateral; Joint Venturers. Any loss, cost, liability, damage or expense (including reasonable attorney's fees and expenses) incurred in connection with the ownership, operation or maintenance of the Collateral, the construction of Agent or any Lender and any Borrower as having the relationship of joint venturers or partners or the determination that Agent or any Lender has acted as agent for any Borrower.

11.2.4 Environmental Indemnity. Any and all claims, losses, damages, response costs, clean-up costs and expenses suffered and/or incurred at any time by Agent and Lenders arising out of or in any way relating to the existence at any time of any Hazardous Materials in, on, under, at, transported to or from, or used in the construction and/or renovation of, any of the Real Estate or Leasehold Property, or otherwise with respect to any Environmental Law, and/or the failure of any Borrower to perform its obligations and covenants hereunder with respect to environmental matters, including, but not limited to: (i) claims of any Persons for damages, penalties, response costs, clean-up costs, injunctive or other relief, (ii) costs of removal and restoration, including fees of attorneys and experts, and costs of reporting the existence of Hazardous Materials to any Governmental Body, and (iii) any expenses or obligations, including attorney's fees and expert witness fees, incurred at, before and after any trial or other proceeding before any Governmental Body or appeal therefrom whether or not taxable as costs, including, without limitation, witness fees, deposition costs, copying and telephone charges and other expenses, all of which shall be paid by Borrowers to Agent or such Lender when incurred by Agent or such Lender.

ARTICLE XII

MISCELLANEOUS

12.1 Notices. All notices and communications under this Loan Agreement shall be in writing and shall be (i) delivered in person, (ii) sent by telecopy, or (iii) mailed, postage prepaid, either by registered or certified mail, return receipt requested, or by overnight express carrier, addressed in each case as follows:

To Borrowers: Red Robin, Inc.
Red Robin International, Inc.
5575 DTC Parkway, Suite 110
Englewood, Colorado 90111
Attention: James C. McCloskey
Chief Financial Officer
Telecopy No.: (303) 846-6013

Copy to: O'Melveny & Myers LLP
610 Newport Center Drive
Newport Beach, California 92660
Attention: Gary Singer, Esq.
Telecopy No.: (949) 823-6994

To Agent: FINOVA Capital Corporation
115 West Century Road
Paramus, New Jersey 07693
Attention: Dan O'Donnell
Vice President
Telecopy No.: (201) 634-3497

Copy to: FINOVA Capital Corporation
The FINOVA Corporate Center
4800 North Scottsdale Road
Scottsdale, Arizona 85251-7623
Attention: Vice President, Law
Telecopy No.: (480) 636-6444

Copy to: Altheimer & Gray
10 S. Wacker Drive, Suite 4000
Chicago, Illinois 60606
Attention: Michael L. Owen, Esq.
Telecopy No.: (312) 715-4800

or to any other address or telecopy number, as to any of the parties hereto, as such party shall designate in a written notice to the other parties hereto. All notices sent pursuant to the terms of this Section 12.1 shall be deemed received (i) if personally delivered, then on the Business Day of delivery, (ii) if sent by telecopy before 2:00 p.m. Phoenix time, on the day sent if a Business Day or if such day is not a Business Day or if sent after 2:00 p.m. Phoenix time, then on the next Business Day, (iii) if sent by overnight, express carrier, on the next Business Day immediately following the day sent, or (iv) if sent by registered or certified mail, on the earlier of the fifth Business Day following the day sent or when actually received. Any notice by telecopy shall be followed by delivery on the next Business Day by overnight, express carrier or by hand.

12.2 Survival of Loan Agreement; Indemnities. All covenants, agreements, representations and warranties made in this Loan Agreement and in the certificates delivered pursuant hereto shall survive the making by Lender of the Loan and the execution and delivery to Lenders of the Note and of all other Loan Instruments, and shall continue in full force and effect so long as any of Borrowers' Obligations remain outstanding, unperformed or unpaid. Notwithstanding the repayment of all amounts due under the Loan Instruments, the cancellation of the Note and the release and/or cancellation of any and all of the Loan Instruments or the foreclosure of any Liens on the Collateral, the obligations of each Borrower to indemnify Agent and Lenders with respect to the expenses, damages, losses, costs and liabilities described in Section 11.2 shall survive until all applicable statute of limitations periods with respect to actions which may be brought against Agent or any Lender have run.

12.3 Further Assurance. From time to time, each Borrower shall execute and deliver to Agent and Lenders such additional documents as Lenders reasonably may require to carry out the purposes of the

Loan Instruments and to protect Lenders' rights thereunder, including, without limitation, using its commercially reasonable best efforts in the event any Collateral is to be sold to secure the approval by any Governmental Body of any application required by such Governmental Body in connection with such sale, and not take any action inconsistent with such sale or the purposes of the Loan Instruments.

12.4 Taxes and Fees. Should any tax (other than taxes based upon the net income of any Lender), recording or filing fees become payable in respect of any of the Loan Instruments, or any amendment, modification or supplement thereof, Borrowers jointly and severally agree to pay the same on demand, together with any interest or penalties thereon attributable to any delay by Borrowers in meeting any Lender's demand, and agrees to hold Lenders harmless with respect thereto.

12.5 Severability. In the event that any provision of this Loan Agreement is deemed to be invalid by reason of the operation of any law, or by reason of the interpretation placed thereon by any court or any Governmental Body, as applicable, the validity, legality and enforceability of the remaining terms and provisions of this Loan Agreement shall not in any way be affected or impaired thereby, all of which shall remain in full force and effect, and the affected term or provision shall be modified to the minimum extent permitted by law so as to achieve most fully the intention of this Loan Agreement.

12.6 Waivers and Amendments. No delay on the part of Agent or any Lender in exercising any right, power or privilege hereunder shall operate as a waiver thereof, and no single or partial exercise of any right, power or privilege hereunder shall preclude other or further exercise thereof, or be deemed to establish a custom or course of dealing or performance between the parties hereto, or preclude the exercise of any other right, power or privilege. No modification or waiver of any provision of any of the Loan Instruments shall be effective unless in writing and signed by the Required Lenders or the Agent on their behalf, except that (i) the written consent of all Lenders is required to (A) increase the amount of the Loan, (B) reduce the principal of or interest on the Note, (C) postpone any date fixed for payment of any principal of or interest on the Note or (D) amend or waive Section 12.6, Section 12.9 or the definition of "Required Lenders," and (ii) the written consent of Agent is required for any amendments of Article IX.

12.7 Modification of Loan Instruments. No modification or waiver of any

provision of any of the Loan Instruments shall be effective unless the same shall be in writing and executed in accordance with Section 12.6, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any Borrower in any case shall entitle such Borrower or any other Borrower to any other or further notice or demand in the same, similar or other circumstances.

12.8 Captions. The headings in this Loan Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

12.9 Successors and Assigns. This Loan Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto, subject to the limitations set forth in Article IX; provided, however, that Borrowers shall not be entitled to assign any of their rights or delegate any of their duties hereunder.

12.10 Remedies Cumulative. All rights and remedies of Agent and Lenders pursuant to this Loan Agreement, any other Loan Instruments or otherwise, shall be cumulative and non-exclusive, and may be exercised singularly or concurrently. Neither Agent nor any Lender shall be required to prosecute collection, enforcement or other remedies against any Borrower or any other Person party to the Loan Instruments

before proceeding against any such Person or to enforce or resort to any security, liens, collateral or other rights of Agent or Lenders. One or more successive actions may be brought against any Borrower and/or any other Person party to the Loan Instruments, either in the same action or in separate actions, as often as Lenders deem advisable, until all of Borrowers' Obligations are paid and performed in full.

12.11 Entire Agreement; Conflict. This Loan Agreement and the other Loan Instruments executed prior or pursuant hereto constitute the entire agreement among the parties hereto with respect to the transactions contemplated hereby or thereby and supersede any prior agreements, whether written or oral, relating to the subject matter hereof. The representations and warranties made by the Borrowers in the Loan Instruments constitute the sole representations and warranties made through the Closing Date to Agent and Lenders and supersede any representations and warranties, whether written or oral, made prior to the Closing Date relating to the subject matter thereof. In the event of a conflict between the terms and conditions set forth herein and the terms and conditions set forth in any other Loan Instrument, the terms and conditions set forth herein shall govern.

12.12 Applicable Law. The Loan Instruments shall be construed in accordance with and governed by the laws and decisions of the State of Arizona. For purposes of this Section 12.12, the Loan Instruments shall be deemed to be performed and made in the State of Arizona.

12.13 Jurisdiction and Venue. Borrowers hereby agree that all actions or proceedings initiated by any Borrower and arising directly or indirectly out of the Loan Instruments shall be litigated in the Superior Court of Maricopa County, or the United States District Court for the District of Arizona or, if Agent initiates such action, in addition to the foregoing courts, any court in which Agent shall initiate or to which Agent shall remove such action, to the extent such court has jurisdiction. Borrowers hereby expressly submit and consent in advance to such jurisdiction in any action or proceeding commenced by Agent in or removed by Agent to any of such courts, and hereby agrees that personal service of the summons and complaint, or other process or papers issued therein may be served in the manner provided for notices herein, and agrees that service of such summons and complaint or other process or papers may be made by registered or certified mail addressed to Borrowers at the address to which notices are to be sent pursuant to Section 12.1. Borrowers waive any claim that Maricopa County, Arizona or the District of Arizona is an inconvenient forum or an improper forum based on lack of venue. To the extent provided by law, should any Borrower, after being so served, fail to appear or answer to any summons, complaint, process or papers so served within the number of days prescribed by law after the mailing thereof, such Borrower shall be deemed in default and an order and/or judgment may be entered by the court against such Borrower as demanded or prayed for in such summons, complaint, process or papers. The exclusive choice of forum for Borrowers set forth in this Section 12.13 shall not be deemed to preclude the enforcement by Agent of any judgment obtained in any other forum or the taking by Agent of any action to enforce the same in any other appropriate jurisdiction, and Borrowers hereby waive the right to collaterally attack any such judgment or action.

12.14 Waiver of Right to Jury Trial. Agent, Lenders and Borrowers

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acknowledge and agree that any controversy which may arise under any of the Loan Instruments or with respect to the transactions contemplated thereby would be based upon difficult and complex issues and, therefore, the parties agree that any lawsuit arising out of any such controversy will be tried in a court of competent jurisdiction by a judge sitting without a jury.

12.15 Time of Essence. Time is of the essence for the performance by Borrowers of the obligations set forth in this Loan Agreement and the other Loan Instruments.

12.16 Estoppel Certificate. Within 15 days after Agent requests any Borrower to do so, such Borrower will execute and deliver to Agent a statement certifying (i) that this Loan Agreement is in full force and effect and has not been modified except as described in such statement, (ii) the date to which interest on the Note has been paid, (iii) the Principal Balance, (iv) whether or not to its knowledge an Event of Default has occurred and is continuing, and, if so, specifying in reasonable detail each such Event of Default of which it has knowledge, (v) whether to its knowledge it has any defense, setoff or counterclaim to the payment of the Notes in accordance with their terms, and, if so, specifying each defense, setoff or counterclaim of which it has knowledge in reasonable detail (including where applicable the amount thereof), and (vi) as to any other matter reasonably requested by Agent.

12.17 Consequential Damages. Neither Agent nor any Lender nor any agent or attorney of Agent or such Lender shall be liable to any Borrower, nor shall any Borrower or any agent or attorney of any Borrower be liable to Agent or any Lender, for consequential damages arising from any breach of contract, tort or other wrong relating to the establishment, administration or collection of the Borrowers' Obligations.

12.18 Counterparts. This Loan Agreement may be executed by the parties hereto in several counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute one and the same agreement.

12.19 No Fiduciary Relationship. No provision in this Loan Agreement or in any other Loan Instrument, and no course of dealing among the parties hereto, shall be deemed to create any fiduciary duty by Agent or any Lender to Borrowers.

12.20 Notice of Breach by Agent and Lenders. Borrowers agree to give Agent and each Lender written notice of (i) any action or inaction by Agent or any Lender or any agent or attorney of Agent or such Lender in connection with the Loan Instruments that may be actionable against Agent or such Lender or any agent or attorney of Agent or such Lender or (ii) any defense to the payment of Borrowers' Obligations for any reason, including, but not limited to, commission of a tort or violation of any contractual duty implied by law.

12.21 Confidentiality. Except as provided for in the Loan Instruments and except as necessary to enable Agent or Lenders to realize upon Borrowers' Obligations and except in connection with the administration or enforcement of Agent's and Lenders' rights under the Loan Instruments, Agent and Lenders each shall use their commercially reasonable efforts not to disclose any information relative to the Restaurant Business of the Borrowers designated by Borrowers as confidential to any Person without the prior written consent of Borrowers, except that Agent and Lenders may disclose any such information (i) in connection with any proposed Loan Assignment or Participation, provided the prospective Assignee or Participant first agrees in writing to maintain the confidentiality of such information in a manner consistent with the terms of this subsection 12.21, (ii) which otherwise is in the public domain, (iii) to the extent required by applicable law or any rule, regulation, decree, order or injunction of any Governmental Body or (iv) which is obtained by Agent or any Lender from a third party not known to Agent or any Lender to be under an obligation of confidentiality to Borrowers.

12.22 Governmental Approval. Notwithstanding anything to the contrary contained herein or in any other Loan Instrument, no party hereto shall take any action that would constitute or result in the

transfer or assignment of any License, permit or authority issued by any

Governmental Body, or a transfer of control over any such License, permit or authorization, if such assignment or transfer would require the prior approval of and/or notice to any Governmental Body, without such party first having notified such Governmental Body of any such assignment or transfer and, if required, obtaining the approval of such Governmental Body therefor.

12.23 Publicity. Borrowers hereby authorize Agent to issue appropriate press releases and to cause a tombstone to be published announcing the consummation of this transaction and the aggregate amount thereof.

12.24 Joint and Several Liability; Rights of Contribution.

(a) Borrowers' Obligations constitute the joint and several obligations of each Borrower secured by the Security Interests. Each Borrower acknowledges that the proceeds of the Loans are a direct and indirect benefit to all Borrowers. The provisions of this Section 12.24 shall in no way limit the obligations of any Borrower hereunder or under any of the other Loan Instruments and each Borrower shall remain liable to Agent and Lenders for the full amount of Borrowers' Obligations.

(b) Each Borrower agrees (subject to clause (c) below) that in the event a payment of any of Borrowers' Obligations shall be made by any Borrower or any asset of any Borrower shall be sold to satisfy a claim of Agent or any Lender to receive any such payment, each other Borrower (the "Contributing Borrower") shall indemnify such Borrower (the "Claiming Borrower") in an amount equal to the amount of such payment or the greater of the book value or the fair market value of such asset, as the case may be, multiplied by a fraction, the numerator of which shall be the net worth of the Contributing Borrower on the date hereof and the denominator of which shall be the aggregate net worth of all Borrowers on such date. A Contributing Borrower making any payment to the Claiming Borrower pursuant hereto shall be subrogated to the rights of the Claiming Borrower to the extent of such payment.

(c) No Borrower shall exercise any rights which it may acquire by way of subrogation hereunder to the rights of any other Borrower or otherwise in equity or at law by any payment made hereunder or otherwise, nor shall any Borrower seek or be entitled to seek any contribution or reimbursement from any other Borrower in respect of payments made by such other Borrower in respect of Borrowers' Obligations until Borrowers' Obligations have been indefeasibly paid and performed in full. If any amounts shall be paid to any Borrower on account of such subrogation or contribution rights at any time prior to the date Borrowers' Obligations have been indefeasibly paid and performed in full, such amount shall be held in trust for Agent and Lenders, segregated from other funds of such Borrower, and shall, forthwith upon receipt by such Borrower, be turned over to Agent in the exact form received by such Borrower (duly endorsed by such Borrower to Agent, if required), for application to Borrowers' Obligations in accordance with Section 8.4 hereof.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF, this Loan Agreement has been executed and delivered by each of the parties hereto by a duly authorized officer of each such party on the date first set forth above.

RED ROBIN INTERNATIONAL, INC., a Nevada corporation

By: /s/ James P. McCloskey
James P. McCloskey, Chief Financial Officer

RED ROBIN HOLDING CO., INC., an Oregon corporation, and RED ROBIN DISTRIBUTING COMPANY, INC., a Colorado corporation

By: /s/ James P. McCloskey
James P. McCloskey, Vice President of each of the foregoing corporations

RED ROBIN OF BALTIMORE COUNTY, INC., a Maryland corporation, and RED ROBIN OF ANNE ARUNDEL COUNTY, INC., a Maryland corporation

By: /s/ James P. McCloskey

James P. McCloskey, Treasurer of each of the foregoing corporations

FINOVA CAPITAL CORPORATION, a Delaware corporation, in its individual capacity as a Lender and as Agent for all Lenders

By: /s/ Daniel O'Donnell

Daniel O'Donnell
Vice President

List of Omitted Exhibits and Schedules

The following exhibits and schedules to the Loan Agreement have been omitted and shall be furnished supplementally to the Commission upon request:

Exhibit 1.1(A)	-	Form of Assignment and Acceptance Agreement
Exhibit 1.1(B)	-	Form of Compliance Certificate
Exhibit 1.1(C)	-	Form of Landlord's Agreement for Leasehold Mortgage Stores
Exhibit 1.1(D)	-	Form of Landlord's Agreement for Non-Leasehold Mortgage Stores
Schedule 5.3.1	-	Borrower Equity Interests
Schedule 5.3.2	-	Restrictions
Schedule 5.5.1	-	Business and Property
Schedule 5.5.2	-	License Agreements
Schedule 5.5.3	-	Operating Agreements
Schedule 5.5.4	-	Facility Sites, including Excluded Stores
Schedule 5.5.5	-	Leases, including Excluded Leases
Schedule 5.5.6	-	Real Estate, including Excluded Real Estate
Schedule 5.7.1	-	Financial Statements
Schedule 5.8	-	Litigation
Schedule 5.9	-	Defaults in Other Agreements; Consents; Conflicting Agreements
Schedule 5.10	-	Taxes
Schedule 5.12	-	Patents, Trademarks, Franchises, Agreements
Schedule 5.13	-	Regulatory Matters
Schedule 5.17	-	Existing Indebtedness as of the Closing Date
Schedule 5.19.1	-	Employee Benefit Plans
Schedule 7.9	-	New Stores

EXHIBIT 10.18

FIRST AMENDMENT TO LOAN INSTRUMENTS

This FIRST AMENDMENT TO LOAN INSTRUMENTS (this "Amendment"), dated as of August 9, 2001, is among RED ROBIN GOURMET BURGERS, INC., a Delaware corporation ("Holding Company"), RED ROBIN INTERNATIONAL, INC., a Nevada corporation ("Red Robin"), RED ROBIN DISTRIBUTING COMPANY, INC., a Colorado corporation ("RR Distributing Sub"), RED ROBIN WEST, INC., formerly Red Robin Holding Co., Inc., a Nevada corporation ("RR West Sub"), RED ROBIN OF BALTIMORE COUNTY, INC., a Maryland corporation ("RR Baltimore Sub"), RED ROBIN OF MONTGOMERY COUNTY, INC., a Maryland Corporation ("RR Montgomery Sub"), RED ROBIN OF ANNE ARUNDEL, COUNTY, INC., a Maryland corporation ("RR Anne Arundel Sub" which together with Red Robin, RR Distributing Sub, RR West Sub, RR Baltimore Sub and RR Montgomery Sub is referred to herein as "Original Borrowers") and FINOVA CAPITAL CORPORATION, a Delaware corporation ("FINOVA"), in its individual capacity and as agent for all Lenders (this and all other capitalized terms used but not elsewhere defined herein are defined in Section 2 below).

RECITALS:

A. Original Borrowers, Agent and Lenders entered into a Loan Agreement dated as of September 6, 2000 (the "Loan Agreement") pursuant to which Lenders agreed to make loans and other financial accommodations to Original Borrowers.

B. Concurrently herewith, (i) the Corporate Reorganization is being consummated, pursuant to which, among other things, Holding Company will become the sole holder of all the capital stock, options, warrants and other rights to acquire capital stock of Red Robin, and (ii) Red Robin formed RR Montgomery Sub.

C. Original Borrowers desire to cause Holding Company and RR Montgomery Sub to join with and into the Loan Instruments as additional borrowers together with Original Borrowers. Original Borrowers, together with Holding Company and RR Montgomery Sub are referred to herein as "Borrowers."

D. Agent and Lenders are willing to agree to the requests of Borrowers, subject to the terms and conditions of this Amendment.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and subject to the terms and conditions hereof, Borrowers, Agent and Lenders agree as follows:

1. Incorporation of Recitals. The Recitals set forth above are incorporated herein, are acknowledged by Borrower to be true and correct and are made a part hereof.

2. Definitions. All capitalized terms used but not elsewhere defined herein shall have the respective meanings ascribed to such terms in the Loan Agreement, as amended by this Amendment.

3. Joinder. Each of Holding Company and RR Montgomery Sub (i) joins into each of the Loan Instruments executed by Original Borrowers and agrees to become a party thereto with the same force and effect as if it had been an original signatory thereto, (ii) agrees to be bound by all of the terms and conditions set forth in the Loan Instruments as if it were a Borrower, and (iii) accepts and assumes all Indebtedness heretofore, now and hereafter arising as a result of its joinder into the Loan Instruments, including, without limitation, the obligation to pay and perform Borrowers' Obligations. In furtherance of the foregoing, each of Holding Company and RR Montgomery Sub hereby agrees to be bound as a "Debtor" under the terms of that certain Security Agreement dated as of September 6, 2000 among the Original Borrowers and Agent (the "Security Agreement"), and further grants to Agent as Secured Party thereunder a security interest in all Property of such Debtor pursuant to the terms of the Security Agreement. Each Original Borrower consents to the foregoing joinder by Holding Company into the Loan Instruments.

4. Amendments to Loan Instruments. The Loan Agreement and the other Loan Instruments are amended as set forth below:

4.1 Section 1.1 of the Loan Agreement. Section 1.1 of the Loan Agreement is amended by deleting the current versions of the definitions listed below and substituting the following definitions therefor:

Borrowers: Holding Company, Red Robin, RR Distributing Sub, RR West Sub, RR Baltimore Sub, RR Anne Arundel Sub, RR Montgomery Sub and

each Additional Borrower.

Equity Instruments: the articles of incorporation and by-laws of each Borrower, the Registration Rights Agreement, the Holding Company Stock Option Plan and all other similar documents and instruments entered into with respect to the Borrower Equity Interests as of the Closing Date.

Equity Interests: collectively, all of the issued and outstanding capital stock of, partnership interests in, limited liability company membership interests in and other equity interests in Holding Company and each of its direct and indirect Subsidiaries and all warrants, options and other rights to purchase capital stock of, partnership interests in, limited liability company membership interests in and other equity interests in Holding Company and each of its direct and indirect Subsidiaries.

GE Indebtedness Liens: the Liens on the Excluded Personal Property and the Excluded Leases of the Existing Stores located at 2230 Southgate Road, Colorado Springs, Colorado (Site No. 15), 3909 Factoria Boulevard S.E., Bellevue, Washington (Site No. 147), 2575 South Decatur Boulevard, Las Vegas, Nevada (Site No. 148), 725 West Main, Spokane, Washington (Site No. 151), 1300 West Sunset Road #2545, Henderson, Nevada (Site No. 152), 40820 Winchester Road #1070, Temecula, California (Site No. 158), 1553 Rio Road East, Charlottesville, Virginia (Site No. 157) and 428 Plaza Drive, West Covina, California (Site No. 160), and the Liens on the Excluded Personal Property and Borrower's fee simple estate in the Excluded Real Estate located at 10101 Brook Road, Glen Allen, Virginia (Site No. 153) now or hereafter granted to secure the GE Indebtedness.

Holding Company: Red Robin Gourmet Burgers, Inc., a Delaware corporation formed after the Closing Date to hold all of the Red Robin Capital Stock.

Obligors: each Borrower.

Pledge Agreements: the Borrower Subsidiary Pledge Agreement, the RR Montgomery Sub Pledge Agreement and the Substitute Pledge Agreement.

Registration Rights Agreement: that certain Registration Rights Agreement dated as of May 11, 2000 by and among Red Robin and certain holders of its common shares, as amended by that certain First Amendment to Registration Rights Agreement dated as of August 9, 2001.

Shareholders Agreement: that certain Amended and Restated Shareholders Agreement dated as of August 9, by and among Holding Company, Red Robin, Skylark Company, Ltd, a Japan corporation, RR Investors, RR Investors II, Snyder and certain other shareholders.

Substitute Pledge Agreement: the Pledge Agreement dated as of August 9, 2001 by and between Holding Company and Agent.

4.2 Section 1.1 of the Loan Agreement. Section 1.1 of the Loan Agreement is hereby amended by adding the following definitions in the appropriate alphabetical order:

First Amendment: the First Amendment to Loan Instruments dated as of August 9, 2001 by and between Borrowers and Agent.

First Amendment Effective Date: August 9, 2001.

RR Montgomery Sub: Red Robin of Montgomery County, Inc.

RR Montgomery Sub Pledge Agreement: the pledge agreement dated as of August 9, 2001 by and between RR Montgomery Sub and Agent.

RR West Sub: Red Robin West, Inc.

4.3 Section 1.1 of the Loan Agreement. Section 1.1 of the Loan Agreement is hereby amended by deleting the definitions of "Red Robin Stock Option Plan," "RR Holding Sub" and "Red Robin Pledge Agreement."

4.4 Section 5.5.1 of the Loan Agreement. Section 5.5.1 of the Loan Agreement is deleted in its entirety and the following is inserted therefor:

"5.5.1 Business and Property. Holding Company is not engaged, and as of the First Amendment Effective Date does not propose to engage, in any business activity other than the Restaurant Business and the ownership of the Equity Interests of Red Robin. Red Robin is not engaged, and as of the First Amendment Effective Date does not propose to engage, in any business activity other than the Restaurant Business and the ownership of the Equity Interests of the other Borrowers and the Inactive Subsidiaries. No other Borrower is engaged or, as of the First Amendment Effective Date, proposes to engage, in any business activity other than the Restaurant Business. Except as set forth on Schedule 5.5.1, no Inactive Subsidiary (i) engages, or proposes to engage, in any business activity, (ii) owns any material Property or (iii) has any material Indebtedness. Holding Company has no direct Subsidiaries other than Red Robin. Red Robin has no Subsidiaries other than the other Borrowers and the Inactive Subsidiaries. Except as set forth on Schedule 5.5.1, no other Borrower has any Subsidiaries. Each Borrower owns all Property and holds all Leases,

Licenses and Operating Agreements required to conduct its business as now conducted."

4.5 Section 7.4 of the Loan Agreement. Section 7.4 of the Loan Agreement is deleted in its entirety and the following is inserted therefor:

"7.4 Contingent Liabilities. Assume, guarantee, endorse, contingently agree to purchase, become liable in respect of any letter of credit, or otherwise become liable upon the obligation of any Person, except for the guaranty of a Borrower's obligations under a Lease by Holding Company, liabilities arising from the endorsement of negotiable instruments for deposit or collection, or similar transactions in the ordinary course of business.

4.6 Section 8.1.10 of the Loan Agreement. Section 8.1.10 of the Loan Agreement is deleted in its entirety and the following is inserted therefor:

"8.1.10 Change in Management or Control. If at any time (i) Snyder shall cease to devote his full business time and effort to the day-to-day management of the operations and affairs of Borrowers, (ii) Holding Company shall cease to own and control, directly or indirectly, all of the Borrower Subsidiary Capital Stock and Red Robin Capital Stock, (iii) Snyder and one or more Quad-C Entities shall cease to (A) own and control a majority of Holding Company Capital Stock or (B) have the ability to appoint a majority of the Board of Directors of Holding Company and Red Robin, or (iv) the control and veto rights granted to directors designated by Skylark Company, Ltd under the Shareholders Agreement are expanded."

4.7 Loan Agreement. The Loan Agreement is amended by deleting each reference to Red Robin Holding Co., Inc. and inserting Red Robin West, Inc. in its place, and by deleting each reference to RR Holding Sub and inserting RR West Sub in its place.

4.8 Schedules to the Loan Agreement. The Loan Agreement is hereby amended by substituting Schedule 5.3.1 attached hereto for the current version of Schedule 5.3.1 to the Loan Agreement.

5. Conditions to Effectiveness. The effectiveness of this Amendment shall be subject to the satisfaction of all of the following conditions in a manner,

form and substance satisfactory to Lenders:

5.1 Delivery of Documents. The following shall have been delivered to Agent, each duly authorized and executed and each in form and substance satisfactory to Lenders:

(a) this Amendment;

(b) the Substitute Pledge Agreement;

(c) the RR Montgomery Sub Pledge Agreement;

(d) a good standing certificate for each Borrower from the State in which each such Borrower is organized and each State in which any Store owned or operated by such Borrower is located, each dated a recent date prior to the Effective Date;

(e) certified copies of (i) the articles or certificate of incorporation of each Borrower, together with all amendments thereto, certified by the Secretary of State of the State in which such Borrower is located as of recent date prior to the Effective Date; (ii) the by-laws of each Borrower certified as of the Effective Date by the corporate secretary of such Borrower, and (iii) resolutions adopted by the board of directors of each Borrower authorizing the execution and delivery of the First Amendment and the related documents and the consummation of the transactions contemplated thereby, certified as of the Effective Date by the corporate secretary of such Borrower;

(f) signature and incumbency certificates of the officers of each Borrower;

(g) a certificate of merger from the Delaware Secretary of State and the Nevada Secretary of State reflecting the consummation of the merger of RR Merger Sub with and into RRI, certified by the Delaware Secretary of State and the Nevada Secretary of State, as applicable and copies of such of the merger instruments as are required to be and in fact were filed with the Delaware Secretary of State of State and the Nevada Secretary of State in connection with the merger;

(h) certified copies or originals of the following:

(1) the First Amendment to Escrow Agreement;

(2) the Shareholder Agreement;

(3) the Registration Rights Agreement;

(4) such landlord consents to the Corporate Reorganization as are required by each Lease;

(6) the Corporate Reorganization Documents; and

(i) such other instruments, documents, certificates, consents, waivers and opinions as Lenders reasonably may request.

5.2 Performance; No Default. Each Obligor shall have performed and complied with all agreements and conditions contained in the Loan Instruments to be performed by or complied with by it, and no Event of Default or Incipient Default shall exist.

5.3 Material Adverse Effect. No event shall have occurred since September 6, 2000 which has had or could have a Material Adverse Effect.

The date on which all of the conditions set forth in this Paragraph 4 have been satisfied is referred to herein as the "Effective Date."

6. References. From and after the Effective Date, (i) all terms used in the Loan Instruments which are defined in the Loan Agreement shall be deemed to refer to such terms as amended by this Amendment and (ii) all references in the Loan Agreement and the other Loan Instruments to the Loan Agreement shall be deemed to refer to the Loan Agreement as amended by this Amendment.

7. Representations and Warranties. Each Borrower hereby confirms to Agent and Lenders that the representations and warranties set forth in the Loan Instruments, as amended by this

Amendment and expect as previously disclosed to Agent in writing, to which such Borrower is a party are true and correct in all material respects as of the date hereof, and shall be deemed to be remade as of the date hereof. Each Borrower represents and warrants to Agent and Lenders that (i) such Borrower has full power and authority to execute and deliver this Amendment and to perform its obligations hereunder, (ii) upon the execution and delivery hereof, this Amendment will be valid, binding and enforceable upon such Borrower in accordance with its terms, (iii) the execution and delivery of this Amendment does not and will not contravene, conflict with, violate or constitute a default under (A) its articles of incorporation or by-laws, or (B) any applicable law, rule, regulation, judgment, decree or order or any agreement, indenture or instrument to which such Borrower is a party or is bound or which is binding upon or applicable to all or any portion of such Borrower's Property and (iv) as of the date hereof no Incipient Default or Event of Default exists.

8. Costs and Expenses. Borrowers agree to reimburse Agent and Lenders for all fees and expenses incurred in the preparation, negotiation and execution of this Amendment and the consummation of the transactions contemplated hereby, including, without limitation, the fees and expenses of counsel for Agent and Lenders.

9. No Further Amendments; Ratification of Liability. Except as amended hereby, the Loan Agreement and each of the other Loan Instruments shall remain in full force and effect in accordance with its respective terms. Each Borrower hereby ratifies and confirms its liabilities, obligations and agreements under the Loan Agreement and the other Loan Instruments, all as amended by this Amendment, and the Liens created thereby, and acknowledges that (i) it has no defenses, claims or set-offs to the enforcement by Agent or Lenders of such liabilities, obligations and agreements, (ii) Agent and each Lender have fully performed all obligations to such Borrower which it may have had or has on and as of the date hereof and (iii) other than as specifically set forth herein, Lenders (A) expressly reserve and preserve all of their rights and remedies under the Loan Agreement and the other Loan Instruments and (B) do not waive, diminish or limit any term or condition contained in the Loan Agreement or the other Loan Instruments. Lenders' agreement to the terms of this Amendment or any other amendment of the Loan Agreement shall not be deemed to establish or create a custom or course of dealing among Lenders and Borrowers. The Loan Instruments, as amended by this Amendment, contain the entire agreement among Lenders and Borrowers with respect to the transactions contemplated hereby.

10. Counterparts; Facsimile Execution. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original and by facsimile , and all of which, when taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of this Amendment by telefacsimile shall be equally as effective as delivery of a manually executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by telefacsimile shall also deliver a manually executed counterpart of this Amendment, but the failure to deliver a manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

11. Further Assurances. Borrowers covenant and agree that they will at any time and from time to time do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, documents and instruments as reasonably may be required by Lenders in order to effectuate fully the intent of this Amendment.

12. Severability. If any term or provision of this Amendment or the application thereof to any party or circumstance shall be held to be invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, the validity, legality and enforceability of the remaining terms and provisions of this Amendment shall not in any way be affected or impaired thereby, and the affected term or provision

shall be modified to the minimum extent permitted by law so as most fully to achieve the intention of this Amendment.

13. Captions. The captions in this Amendment are inserted for convenience of reference only and in no way define, describe or limit the scope or intent of this Amendment or any of the provisions hereof.

14. Governing Law. This Amendment shall be construed in accordance with and

governed as to validity, interpretation, construction, effect and in all other respects by the laws and decisions of the State of Arizona. For purposes of this Section 14, this Amendment shall be deemed to be performed and made in the State of Arizona.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF, this Amendment has been executed and delivered by each of the parties hereto by a duly authorized officer of each such party on the date first set forth above.

RED ROBIN GOURMET BURGERS, INC., a Delaware corporation

/s/ Michael J. Snyder

Name: Michael J. Snyder
Title: Chief Executive Officer & President

RED ROBIN INTERNATIONAL, INC., a Nevada corporation

/s/ Michael J. Snyder

Name: Michael J. Snyder
Title: Chief Executive Officer & President

RED ROBIN DISTRIBUTING COMPANY, INC., a Colorado corporation

/s/ Michael J. Snyder

Name: Michael J. Snyder
Title: Chief Executive Officer & President

RED ROBIN WEST, INC., a Nevada corporation

/s/ Michael J. Snyder

Name: Michael J. Snyder
Title: Chief Executive Officer & President

RED ROBIN OF BALTIMORE COUNTY, INC., a Maryland corporation

/s/ John W. Grant

Name: John W. Grant
Title: President

RED ROBIN OF ANNE ARUNDEL COUNTY, INC., a Maryland corporation

/s/ John W. Grant

Name: John W. Grant
Title: President

RED ROBIN OF MONTGOMERY COUNTY, INC., a Maryland corporation

/s/ John W. Grant

Name: John W. Grant
Title: President

FINOVA CAPITAL CORPORATION, a Delaware corporation

By: /s/ Bernice H. Carr

Name: Bernice H. Carr
Title: Vice President
Contract Administration

List of Omitted Schedule

The following schedule to the First Amendment to Loan Instruments has been omitted and shall be furnished supplementally to the Commission upon request:

Schedule 5.3.1 - Equity Interests

Exhibit 10.19

SECOND AMENDMENT TO LOAN INSTRUMENTS

This SECOND AMENDMENT TO LOAN INSTRUMENTS (this "Amendment"), dated as of January 31, 2002, is among RED ROBIN INTERNATIONAL, INC., a Nevada corporation ("Red Robin"), RED ROBIN DISTRIBUTING COMPANY, INC., a Colorado corporation ("RR Distributing Sub"), RED ROBIN WEST, INC., formerly Red Robin Holding Co., Inc., a Nevada corporation ("RR West Sub"), RED ROBIN OF BALTIMORE COUNTY, INC., a Maryland corporation ("RR Baltimore Sub"), RED ROBIN OF ANNE ARUNDEL, COUNTY, INC., a Maryland corporation ("RR Anne Arundel Sub") (Red Robin, RR Distributing Sub, RR West Sub, RR Baltimore Sub and RR Anne Arundel Sub hereinafter are referred to individually as an "Original Borrower" and collectively as "Original Borrowers"), RED ROBIN GOURMET BURGERS, INC., a Delaware corporation ("Holding Company"), RED ROBIN OF MONTGOMERY COUNTY, INC., a Maryland corporation ("RR Montgomery Sub"), WESTERN FRANCHISE DEVELOPMENT, INC., a California corporation ("Western Franchise Sub"), and FINOVA CAPITAL CORPORATION, a Delaware corporation ("FINOVA"), in its individual capacity and as agent for all Lenders (this and all other capitalized terms used but not elsewhere defined herein are defined in Section 2 below).

RECITALS:

A. Original Borrowers, Agent and Lenders entered into a Loan Agreement dated as of September 6, 2000 (the "Original Loan Agreement") pursuant and subject to the terms and conditions of which Lenders agreed to make loans and other financial accommodations to Original Borrowers.

B. Original Borrowers, Holding Company, RR Montgomery Sub, Agent and Lenders entered into a First Amendment to Loan Instruments dated as of August 9, 2001 (the "First Amendment") pursuant to which, among other things, Holding Company and RR Montgomery Sub joined with and into the Original Loan Agreement as additional Borrowers thereunder. The Original Loan Agreement, as amended by the First Amendment, hereinafter is referred to as the "Loan Agreement."

C. Red Robin has acquired all of the capital stock of Western Franchise Sub. Original Borrowers, Holding Company, RR Montgomery Sub and Western Franchise Sub desire to cause Western Franchise Sub to join with and into the Loan Instruments as an additional borrower thereunder. Original Borrowers, Holding Company and RR Montgomery Sub, together with Western Franchise Sub, hereinafter are referred to individually as a "Borrower" and collectively as "Borrowers."

D. Borrowers have requested that (i) Agent and Lenders permit Borrowers to incur up to an additional $15,000,000 of indebtedness for borrowed money for store development and acquisition and (ii) amend the Loan Agreement in certain respects to facilitate an initial public offering by Holding Company.

E. Agent and Lenders are willing to agree to the requests of Borrowers, pursuant and subject to the terms and conditions of this Amendment.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and subject to the terms and conditions hereof, Borrowers, Agent and Lenders agree as follows:

1. Incorporation of Recitals. The Recitals set forth above are incorporated herein, are acknowledged by Borrowers to be true and correct and are made a part hereof.

2. Definitions. All capitalized terms used but not elsewhere defined herein shall have the respective meanings ascribed to such terms in the Loan Agreement, as amended by this Amendment.

3. Joinder. Western Franchise Sub hereby (i) joins into each of the Loan Instruments executed by Original Borrowers and agrees to become a party thereto with the same force and effect as if it had been an original signatory thereto, (ii) agrees to be bound by all of the terms and conditions set forth in the Loan Instruments as if it were a Borrower, and (iii) accepts and assumes all Indebtedness heretofore, now and hereafter arising as a result of its joinder into the Loan Instruments, including, without limitation, the obligation to pay and perform Borrowers' Obligations. In furtherance of the foregoing, Western Franchise Sub hereby agrees to be bound as a "Debtor" under the terms of that certain Security Agreement dated as of September 6, 2000 among the Original Borrowers and Agent (the "Security Agreement"), and further grants to Agent as Secured Party thereunder a security interest in all Property of such Debtor pursuant to the terms of the Security Agreement. Each Original Borrower, Holding Company and RR Montgomery Sub hereby consents to the foregoing joinder by Western Franchise Sub into the Loan Instruments.

4. Amendments to Loan Instruments. The Loan Instruments are amended as set forth below:

4.1 Section 1.1 - Amended Definition. Section 1.1 of the Loan Agreement is amended by deleting the current version of the definition of "Borrowers" and substituting the following therefor:

"Borrowers: Holding Company, Red Robin, RR Distributing Sub, RR West Sub, RR Baltimore Sub, RR Anne Arundel Sub, RR Montgomery Sub, Western Franchise Sub and each Additional Borrower."

4.2 Section 1.1 - Amended Definition. Section 1.1 of the Loan Agreement is amended by deleting the current version of definition of "Borrower Subsidiary Capital Stock" and substituting the following version therefor:

"Borrower Subsidiary Capital Stock: all of the issued and outstanding capital stock and options, warrants and other rights to acquire capital stock of RR Distributing Sub, RR Holding Sub, RR Baltimore Sub, RR Anne Arundel Sub, RR Montgomery Sub and Western Franchise Sub."

4.3 Section 1.1 - Amended Definition. Section 1.1 of the Loan Agreement is amended by deleting the current version of definition of "Collateral" and substituting the following version therefor:

"Collateral: (i) all existing and after-acquired Property of each Borrower, including, without limitation, all existing and after-acquired accounts, furniture, fixtures, equipment, inventory and general intangibles, all Real Estate and all Leases, but, subject to the terms and conditions of Section 6.17, specifically excluding (A) the Excluded Personal Property, (B) the Excluded Leases, (C) the Excluded Real Estate, (D) the Real Estate Held for Sale, (E) the Unencumbered Property and (F) the Additional Third Party Collateral, (ii) the Borrower Subsidiary Capital Stock, (iii) the Red Robin Capital Stock and (iv) all proceeds of the foregoing."

4.4 Section 1.1 - Amended Definition. Section 1.1 of the Loan Agreement is amended by deleting the current version of definition of "GE Indebtedness" and substituting the following version therefor:

"GE Indebtedness: all Indebtedness for Borrowed Money of Borrowers owed to General Electric Capital Corporation as of the Second Amendment Effective Date other than the MetLife Indebtedness acquired by General Electric Capital Corporation from MetLife."

4.5 Section 1.1 - Amended Definition. Section 1.1 of the Loan Agreement is amended by deleting the current version of definition of "GE Indebtedness Liens" and substituting the following version therefor:

"GE Indebtedness Liens: the Liens on the Excluded Personal Property and the Excluded Leases of the Existing Stores located at 2230 Southgate Road, Colorado Springs, Colorado (Site No. 15), 3909 Factoria Boulevard S.E., Bellevue, Washington (Site No. 147), 2575 South Decatur Boulevard, Las Vegas, Nevada (Site No. 148), 725 West Main, Spokane, Washington (Site No. 151), 1300 West Sunset Road #2545, Henderson, Nevada (Site No. 152), 40820 Winchester Road #1070, Temecula, California (Site No. 158), 1553 Rio Road East, Charlottesville, Virginia (Site No. 157) and 428 Plaza Drive, West Covina, California (Site No. 160), and the Liens on the Excluded Personal Property and Borrower's fee simple estate in the Excluded Real Estate located at 10101 Brook Road, Glen Allen, Virginia (Site No. 153) now or hereafter granted to secure the GE Indebtedness.

4.6 Section 1.1 - Amended Definition. Section 1.1 of the Loan Agreement is amended by deleting the current version of definition of "Indebtedness for Borrowed Money" and substituting the following version therefor:

"Indebtedness for Borrowed Money: without duplication, all

Indebtedness (i) in respect of money borrowed, (ii) evidenced by a note, debenture or other like written obligation to pay money (including, without limitation, all of Borrowers' Obligations, the Orix Indebtedness, the MetLife Indebtedness, the Captec Indebtedness, the Bonnyville Indebtedness, the GE Indebtedness, the Purchase Money/Capitalized Lease Indebtedness and the Additional Third Party Indebtedness), (iii) in respect of rent or hire of Property under Capitalized Leases or for the deferred purchase price of Property, (iv) in respect of obligations under conditional sales or other title retention agreements, and (v) all guaranties of any or all of the foregoing."

4.7 Section 1.1 - Amended Definition. Section 1.1 of the Loan Agreement is amended by deleting the current version of the definition of "Pledge Agreements" and substituting the following version therefor:

"Pledge Agreements: the Borrower Subsidiary Pledge Agreement, the RR Montgomery Sub Pledge Agreement, the Substituted Pledge Agreement and the Western Franchise Sub Pledge Agreement."

4.8 Section 1.1 - Amended Definition. Section 1.1 of the Loan Agreement is amended by deleting clause (ii) of the definition of "Permitted Liens" and substituting the following clause therefor:

"(ii) the Purchase Money/Capitalized Lease Indebtedness Liens, the Orix Indebtedness Liens, the MetLife Indebtedness Liens, the Captec Indebtedness Liens, the Bonnyville Indebtedness Liens, the GE Indebtedness Liens and the Additional Third Party Indebtedness Liens;"

4.9 Section 1.1 - Amended Definition. Section 1.1 of the Loan Agreement is amended by deleting the current version of the definition of "Non-Financed Capital Expenditures" and substituting the following version therefor:

"Non-Financed Capital Expenditures: for any period, the aggregate amount of all Capital Expenditures of Borrowers not financed with the proceeds of the Loan, the GE Indebtedness, Purchase Money/Capitalized Lease Indebtedness or the Additional Third Party Indebtedness."

4.10 Section 1.1 - Amended Definition. Section 1.1 of the Loan Agreement is amended by deleting the current version of the definition of "Purchase Money/Capitalized Lease Indebtedness" and substituting the following version therefor:

"Purchase Money/Capitalized Lease Indebtedness: collectively, Indebtedness for Borrowed Money, other than Borrowers' Obligations, the Bonnyville Indebtedness, the Captec Indebtedness, the MetLife Indebtedness, the Orix Indebtedness, the GE Indebtedness and the Additional Third Party Indebtedness, incurred by any Borrower to purchase tangible personal property or Indebtedness for Borrowed Money incurred by any Borrower to lease tangible personal property pursuant to Capitalized Leases, provided that (i) such Indebtedness for Borrowed Money existing as of the Closing Date, including, without limitation, the Indebtedness for Borrowed Money owed by Borrowers to NEC, IBM, Norwest Bank and U.S. Bank, shall not exceed $418,425, (ii) during any Loan Year after the Closing Date the amount of such Indebtedness for Borrowed Money at any one time outstanding shall not exceed $1,000,000 and (iii) no Event of Default exists at the time or will be created as a result of the incurrence of any Indebtedness for Borrowed Money described in clause (ii) of this definition."

4.11 Section 1.1 - Amended Definition. Section 1.1 of the Loan Agreement is amended by deleting the current version of the definition of "Unencumbered Property" and substituting the following version therefor:

"Unencumbered Property: the Excluded Personal Property, the Excluded Real Estate and the Excluded Leases of the Existing Stores located at Annapolis Mall, 210 Annapolis Mall, Annapolis, Maryland 21401 (Site No. 28), Lake Forest Mall, 701 Russell Avenue, Store #F241, Gaithersburg, Maryland 20877 (Site No. 29), University Town Center, 4545 La Jolla Drive, Space G-12, San Diego, California 92122 (Site No. 34), 1031 New Park Mall, Newark, California (Site No. 191),

404-A Sun Valley Mall, Concord, California (Site No. 192), 398 Eastridge Mall, #A-18, San Jose, California (Site No. 194), 4201 Cold Water Creek, Fort Wayne, Indiana (Site No. 352) and 1350 Travis Boulevard, Fairfield, California (Site No. 354)."

4.12 Section 1.1 - Additional Definitions. Section 1.1 of the Loan Agreement is hereby amended by adding the following definitions in the appropriate alphabetical order:

"Additional Third Party Collateral: the furniture, fixtures and equipment located at and/or the applicable Borrower's leasehold or fee simple interest in one or more Stores described on Schedule 1.1.

Additional Third Party Indebtedness: Indebtedness for Borrowed Money incurred by any Borrower after the Second Amendment Effective Date to acquire, construct, renovate or develop one or more New Stores.

Additional Third Party Indebtedness Instruments: all documents, instruments and agreements evidencing, securing or governing the terms of repayment of the Additional Third Party Indebtedness.

Additional Third Party Indebtedness Liens: Liens that secure Additional Third Party Indebtedness, provided that each such Lien attaches only to Additional Third Party Collateral.

Change of Control: means the occurrence of any of the following events:

(a) prior to a Qualifying IPO, (i) the Investor Group shall cease to (A) own and control a majority of Holding Company Capital Stock or (B) have the ability to appoint a majority of the Board of Directors of Holding Company, or (ii) the control and veto rights granted to directors designated by Skylark Company, Ltd under the Shareholders Agreement are expanded; or

(b) after a Qualifying IPO, any "person" or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act) (other than one or more members of the Investor Group) has become the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a Person shall be deemed to have "beneficial ownership" of all securities that any such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), by way of merger, consolidation or otherwise, of a greater percentage than the Investor Group of the total voting power in the aggregate of all classes of capital stock of Holding Company then outstanding normally entitled to vote in elections of directors of Holding Company on a fully-diluted basis after giving effect to the conversion and exercise of all outstanding securities of Holding Company convertible into or exercisable for such classes of capital stock (whether or not such securities are then currently convertible or exercisable); or

(c) after a Qualifying IPO, during any period of two consecutive calendar years, individuals who at the beginning of such period constituted the board of directors (or persons performing similar functions) of Holding Company together with any new members of such board of directors (i) elected by the Investor Group or (ii) whose elections by such board of directors or whose nominations for election by the stockholders of Holding Company was approved by a vote of a majority of the members of such board of directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was

previously so approved, cease for any reason to constitute a majority of the directors of Holding Company still in office; or

(d) the Investor Group ceases to own at least (i) 20% of the total voting power in the aggregate of all classes of capital stock of Holding Company then outstanding normally entitled to vote in elections of directors of Holding Company on a

fully-diluted basis after giving effect to the conversion and exercise of all outstanding securities of Holding Company convertible into or exercisable for such classes of capital stock (whether or not such securities are then currently convertible or exercisable) after a Qualifying IPO and prior to a Secondary Offering or (ii) 10% of the total voting power in the aggregate of all classes of capital stock of Holding Company then outstanding normally entitled to vote in elections of directors of Holding Company on a fully-diluted basis after giving effect to the conversion and exercise of all outstanding securities of Holding Company convertible into or exercisable for such classes of capital stock (whether or not such securities are then currently convertible or exercisable) after a Secondary Offering; or

(e) after a Qualifying IPO, the Management Group ceases to own at least 5% of the total voting power in the aggregate of all classes of capital stock of Holding Company then outstanding normally entitled to vote in elections of directors of Holding Company on a fully-diluted basis after giving effect to the conversion and exercise of all outstanding securities of Holding Company convertible into or exercisable for such classes of capital stock (whether or not such securities are then currently convertible or exercisable); or

(f) Holding Company shall cease to own and control, directly or indirectly, all of the Borrower Subsidiary Capital Stock and Red Robin Capital Stock.

Development Notice: a notice and certification from Borrowers to Agent in the form of Exhibit A attached to the Second Amendment pertaining to the acquisition, construction, renovation or development of one or more New Stores.

Exchange Act: the Securities Exchange Act of 1934, as amended, or any similar Federal statute, and the rules and regulations promulgated thereunder, as in effect from time to time.

Investor Group: the Management Group and the Sponsor Group.

Management Group: the Management Holders and their Related Parties.

Management Holders: Snyder or any Person over which Snyder, directly or indirectly, exercises voting control, including, without limitation, the right to direct the management and policies of such Person and the right to elect a majority of the Board of Directors or similar governing authority for such Person.

Qualifying IPO: means an underwritten primary public offering (other than a public offering pursuant to a registration statement on Form S-8 (or any successor

form)) of the common capital stock of Holding Company pursuant to an effective registration statement filed with the United States Securities of Exchange Commission in accordance with the Securities Act (whether alone or in conjunction with a secondary public offering).

Related Parties means (i) any spouse or immediate family member of Snyder, (ii) any trust set up for the benefit of Snyder or any of the Persons specified in clause (i) or (iii) any corporation or limited liability company wholly owned by a Management Holder and/or the Persons specified in clause (i) and (ii).

Second Amendment: the Second Amendment to Loan Instruments dated as of January 31, 2002 among Borrowers and Agent.

Second Amendment Effective Date: January 31, 2002.

Secondary Offering: means an underwritten secondary public offering (other than a public offering pursuant to a registration

statement on Form S-8 (or any successor form)) of the common capital stock of Holding Company, following a Qualifying IPO, pursuant to an effective registration statement filed with the United States Securities of Exchange Commission in accordance with the Securities Act.

Sponsor Group: RR Investors, RR Investors II and any of their respective Affiliates..

Western Franchise Sub: Western Franchise Development, Inc., a California corporation.

Western Franchise Sub Pledge Agreement: the pledge agreement dated as of the Second Amendment Effective Date by and between Red Robin and Agent.

4.13 Subsection 2.1.7. Subsection 2.1.7 of the Loan Agreement is deleted in its entirety and the following is substituted therefor:

"2.1.7 Prepayments.

(a) Voluntary Prepayments. Except as set forth in subsection 2.1.7(b), Borrowers may not prepay the Principal Balance of the Loan at any time during the first three Loan Years. Borrowers voluntarily may prepay the Principal Balance in whole or in part at any time after the third Loan Year subject to the satisfaction of the Voluntary Prepayment Conditions. Concurrently with any such voluntary prepayment of the Principal Balance, Borrowers shall pay to Agent, for the benefit of Lenders, a prepayment premium equal to a percentage of the amount of the Principal Balance prepaid, determined in accordance with the following schedule:

Period of Prepayment	Percentage of Principal Balance Prepaid
Fourth Loan Year	4.0%
Fifth Loan Year	3.0%
Sixth Loan Year	2.0%

Seventh Loan Year and Thereafter	1.0%

(b) Mandatory Prepayments. Concurrently with the consummation of a Qualifying IPO, Borrower shall prepay the Principal Balance by $10,000,000 or such greater amount as Borrowers may elect. Concurrently with such prepayment, Borrowers shall pay to Agent, for the benefit of the applicable Lenders (i) accrued and unpaid interest on the portion of the Principal Balance being prepaid, to the date on which Agent is in receipt of Good Funds, (ii) any other sums which then are due and payable pursuant to the terms of the Loan Instruments and (iii) a prepayment premium equal to a percentage of the amount of the Principal Balance prepaid, determined in accordance with the following schedule:

Period of Prepayment	Percentage of Principal Balance Prepaid
Second Loan Year	4.0%
Third Loan Year	4.0%
Fourth Loan Year	4.0%
Fifth Loan Year	3.0%
Sixth Loan Year	2.0%
Seventh Loan Year and Thereafter	1.0%

(c) Application of Prepayments. All prepayments of the Principal Balance shall be applied: (i) first, to the payment of any and all sums which then are due and payable pursuant to the terms of the Loan Instruments, other than the Principal Balance and interest accrued thereon, (ii) next to accrued and unpaid

interest on the Principal Balance until all such accrued and unpaid interest is paid in full and (iii) then to the Principal Balance in the inverse order of the maturity of the installments thereof."

4.14 Article III.. The following sentence is inserted at the end of Article III of the Loan Agreement:

"Upon the written request of Borrowers and at their sole cost and expense, Agent shall take such actions and execute such documents as Borrowers reasonably may request, including, without limitation, the execution and delivery of appropriate UCC-3 partial releases, in order to release the Security Interests, if any, on any Additional Third Party Collateral which is to become subject to an Additional Third Party Lien permitted hereunder as a result of the incurrence of Additional Third Party Indebtedness permitted hereunder."

4.15 Section 6.7. Section 6.7 of the Loan Agreement is deleted in its entirety and the following is substituted therefor:

"6.7 Future Leases. Deliver to Agent concurrently with the execution by any Borrower, as lessee, of any lease pertaining to real property other than any lease which consists of Unencumbered Property, which is subject to any GE Indebtedness Lien or which becomes subject to any Additional Third Party Indebtedness Lien prior

to March 31, 2003 (i) an executed copy thereof, (ii) a Landlord's Agreement from the landlord under such lease, (iii) a first leasehold mortgage or leasehold deed of trust in form and substance substantially similar to the Leasehold Mortgages, (iv) a lender's policy of title insurance, in such form and amount and containing such endorsements as shall be reasonably satisfactory to Agent, (v) an ALTA/ACSM survey of the real estate demised under such lease, (vi) an Environmental Audit with respect to such real property and (vii) such other documents and assurances with respect to such lease as Agent may require."

4.16 Section 6.8. Section 6.8 of the Loan Agreement is deleted in its entirety and the following is substituted therefor:

"6.8 Future Acquisitions of Real Property. Deliver to Agent concurrently with the (i) execution by any Borrower of any contract relating to the purchase by such Borrower of any real property other than any real property which consists of Unencumbered Property, which is subject to any GE Indebtedness Lien or which becomes subject to any Additional Third Party Indebtedness Lien prior to March 31, 2003, an executed copy of such contract and an Environmental Phase I Report with respect to such real property and (ii) closing of the purchase of such real property, (A) a first mortgage or deed of trust in favor of Agent on such real property, in form and substance reasonably satisfactory to Agent, (B) a lender's policy of title insurance, in such form and amount and containing such endorsements as shall be satisfactory to Agent, (C) an ALTA/ACSM survey of such real property, (D) an Environmental Phase I Report with respect to such real property and (E) such other documents and assurances with respect to such real property as Agent may require."

4.17 Section 6.17. Section 6.17 of the Loan Agreement is deleted in its entirety and the following is substituted therefor:

"6.17 Excluded Collateral. Deliver to Agent such Mortgages, Leasehold Mortgages, Security Agreements, UCC financing statements, other Security Instruments, surveys, title insurance and landlord's and mortgagee's consents as Agent reasonably may require to grant to Agent, as security for Borrowers' Obligations, a valid and perfected Lien, subject only to Permitted Liens and subject in priority only to Permitted Prior Liens, on:

(i) each item of Excluded Personal Property, each Excluded Lease, each parcel of Excluded Real Estate which secures the AEI Indebtedness, the Orix Indebtedness, the MetLife Indebtedness, the Captec Indebtedness, the Bonnyville Indebtedness or the GE Indebtedness, in each case within 30 days after the repayment of the applicable Indebtedness;

(ii) each item of Additional Third Party Collateral (A) within 30 days after March 31, 2003 if an Additional Third Party Indebtedness Lien has not been granted on such item of Additional Third Party Collateral by March 31, 2003 and (B) on which an Additional Third Party Indebtedness Lien is granted on or prior to March 31, 2003 within 30 days after the repayment of the related Additional Third Party Indebtedness unless such repayment is the result of a refinancing of short term (i.e., maturing less than one year from the date incurred) Additional Third Party Indebtedness with long term (i.e.,

maturing five or more years from the date incurred) Additional Third Party Indebtedness secured by such item of Additional Third Party Collateral; and

(iii) each parcel of the Real Estate Held for Sale which has not been sold to an unaffiliated third party of any Borrower prior to the second anniversary of the Closing Date, within 30 days after the second anniversary of the Closing Date."

4.18 Section 7.1. Section 7.1 of the Loan Agreement is deleted in its entirety and the following is substituted therefor:

"7.1 Borrowing. Create, incur, assume or suffer to exist any liability for Indebtedness for Borrowed Money without the prior written consent of Agent, which consent may be given or withheld in the sole and unlimited discretion of Agent, except (i) Borrowers' Obligations, (ii) the Orix Indebtedness, provided the aggregate principal amount thereof does not exceed $131,845 at any time, (ii) the MetLife Indebtedness, provided the aggregate principal amount thereof does not exceed $3,089,414 at any time, (iii) the Captec Indebtedness, provided the aggregate principal amount thereof does not exceed $17,380,708 at any time, (iv) the Bonnyville Indebtedness, provided the aggregate principal amount thereof does not exceed $1,099,846 at any time, (v) Purchase Money/Capitalized Lease Indebtedness, (vi) the GE Indebtedness, provided the aggregate amount thereof does not exceed $9,895,118 at any time and (vii) Additional Third Party Indebtedness incurred after the Second Amendment Effective Date, provided that:

(A) the aggregate principal amount thereof outstanding at any time after the Second Amendment Effective Date does not exceed $15,000,000;

(B) the aggregate principal amount thereof outstanding at any time prior to January 1, 2003 does not exceed $10,000,000;

(C) prior to incurring Additional Third Party Indebtedness in an aggregate principal amount outstanding in excess of $10,000,000, Borrowers demonstrate to the reasonable satisfaction of Agent that (1) Holding Company has consummated a Qualifying IPO and (2) the Leverage Ratio for the most recently ended Four Quarter Period was less than 2.75:1.00 assuming such Indebtedness had been incurred on the last day of such Four Quarter Period;

(D) the pricing and other terms of such Additional Third Party Indebtedness and the value of any Additional Third Party Collateral required to be pledged to secure such Additional Third Party Indebtedness are consistent with prevailing market terms applicable to Indebtedness for Borrowed Money of such character and type (it being understood and agreed that the parties hereto do not anticipate that all Additional Third Party Collateral must be pledged to secure the amounts of Additional Third Party Indebtedness permitted to be incurred under this Section 7.1);

(E) no Event of Default exists or would be created at the time any such Additional Third Party Indebtedness is incurred; and

(F) Borrowers provide to Agent copies of all applicable Additional Third Party Indebtedness Instruments prior to incurring such Additional Third Party Indebtedness."

4.19 Section 7.6. Section 7.6 of the Loan Agreement is deleted in its entirety and the following is substituted therefor:

"7.6 Payments of Indebtedness for Borrowed Money. Make any payment or prepayment on account of any Indebtedness for Borrowed Money other than Borrowers' Obligations, except that Borrowers may (i) make regularly scheduled payments on account of the AEI Indebtedness, the Orix Indebtedness, the MetLife Indebtedness, the Captec Indebtedness, the Bonnyville Indebtedness, the GE Indebtedness, the Purchase Money/Capitalized Lease Indebtedness and the Additional Third Party Indebtedness and (ii) refinance short term Additional Third Party Indebtedness with long term Additional Third Party Indebtedness (as contemplated by Section 6.17)."

4.20 Section 7.9. Section 7.9 of the Loan Agreement is deleted in its entirety and the following is substituted therefor:

"7.9 Development of New Stores. Acquire, construct, renovate or develop any New Stores (i) if any Event of Default then exists and is continuing or any event or proceeding has occurred or shall be pending which could reasonably be expected to have a Material Adverse Effect and (ii) without delivering to Agent a duly executed and completed Development Notice not more than 30 nor less than 10 days prior to acquiring, constructing, renovating or developing such New Stores. Notwithstanding the foregoing, Agent shall be deemed to have given its consent to the development of the New Stores, the "Le Carnassier" and "Western Franchise Development" New Store acquisitions described on Schedule 1.1 hereto and the acquisition of the New Stores located at 1031 New Park Mall, Newark, California (Site No. 191), 404-A Sun Valley Mall, Concord, California (Site No. 192) and 398 Eastridge Mall, #A-18., San Jose, California."

4.21 Section 7.12. Section 7.12 of the Loan Agreement is deleted in its entirety and the following is substituted therefor:

"7.12 Amendment of Certain Agreements. Amend, modify or waive any term or provision of (i) its articles of organization, certificate of incorporation, by-laws or other constitutive or organizational documents or any of the other Equity Instruments, except pursuant to (A) the Corporate Reorganization Documents or (B) amendments and modifications in connection with a Qualifying IPO, provided such amendments or modifications do not conflict with, or require any act or omission prohibited by, the Loan Instruments; (ii) the Quad-C Investment Instruments, (iii) the Snyder Group Merger Instruments, (iv) the Trust Indenture, the Debentures or the Sinking Fund Assignment Instruments, (v) the Snyder Employment Instruments, (vi) the Quad-C Consulting Agreement, (v) any Leases, (vi) the Bonnyville Indebtedness Instruments, (vii) the Captec Indebtedness Instruments, (viii) the MetLife Indebtedness Instruments, (ix) the Orix Indebtedness Instruments, (x) the GE Indebtedness Instruments or (xi) once executed and delivered, the Additional Third Party Indebtedness Instruments."

4.22 Section 8.1.10 of the Loan Agreement. Section 8.1.10 of the Loan Agreement is deleted in its entirety and the following is substituted therefor:

"8.1.10 Change in Management or Control. If at any time (i) Snyder shall cease to devote his full business time and effort to the day-to-day management of the operations and affairs of Borrowers or (ii) a Change of Control shall occur."

4.23 Schedules to the Loan Agreement. Schedules 5.3.1, 5.5.4, 5.5.5 and 5.5.6 to the Loan Agreement are deleted in their entirety and Amended and Restated Schedules 5.3.1, 5.5.4, 5.5.5 and, 5.5.6 attached hereto are substituted therefor. Schedule 1.1 attached hereto is attached to the Loan Agreement as Schedule 1.1 thereto.

4.24 Security Agreement. Due to the repayment of the AEI Indebtedness and pursuant to Section 6.17 of the Loan Agreement, each Borrower hereby grants to Agent, for the benefit of Lenders, a security interest in all furniture, fixtures and equipment now or hereafter located at 1410 Jamboree Drive, Colorado Springs, Colorado (Site No. 207), all additions and accession thereto or replacements thereof and all proceeds of the foregoing, all of which shall be deemed to be included in the Collateral (as defined in the Security Agreement).

5. Conditions to Effectiveness. The effectiveness of this Amendment shall be subject to the satisfaction of all of the following conditions in a manner, form and substance satisfactory to Lenders:

5.1 Delivery of Documents. The following shall have been delivered to Agent, each duly authorized and executed and each in form and substance satisfactory to Lenders:

(a) this Amendment;

(b) the Western Franchise Sub Pledge Agreement, together with the original stock certificates evidencing all of the Equity Interests of Western Franchise Sub and duly executed assignments separate from certificate with respect thereto;

(c) certified copies of (i) the articles or certificate of incorporation of each Borrower, together with all amendments thereto, certified by the corporate secretary of such Borrower as of the date hereof, (ii) the by-laws of each Borrower, together with all amendments thereto, certified as of the date hereof by the corporate secretary of such Borrower, and (iii) resolutions adopted by the board of directors of each Borrower authorizing the execution, delivery and performance of this Amendment, certified as of the date hereof by the corporate secretary of such Borrower;

(d) signature and incumbency certificates of the officers of each Borrower;

(e) evidence that the AEI Indebtedness Liens have been released;

(f) such other instruments, documents, certificates, consents, waivers and opinions as Lenders reasonably may request.

5.2 Performance; No Default. Each Obligor shall have performed and complied with all agreements and conditions contained in the Loan Instruments to be performed by or complied with by it, and no Event of Default or Incipient Default shall exist.

5.3 Material Adverse Effect. No event shall have occurred since December 31, 2000 which has had or could have a Material Adverse Effect.

5.4 Amendment Fee; Costs and Expenses. Borrower shall have paid to Agent the $100,000 amendment fee described herein and all other fees and expenses described in Paragraph 7 hereof incurred by Agent in connection with this Amendment.

The date on which all of the conditions set forth in this Paragraph 4 have been satisfied is referred to herein as the "Effective Date."

6. References. From and after the Effective Date, (i) all terms used in the Loan Instruments which are defined in the Loan Agreement shall be deemed to refer to such terms as amended by this Amendment and (ii) all references in the Loan Agreement and the other Loan Instruments to the Loan Agreement shall be deemed to refer to the Loan Agreement as amended by this Amendment.

7. Representations and Warranties. Each Borrower hereby confirms to Agent and Lenders that the representations and warranties set forth in the Loan Instruments, as amended by this Amendment and except as previously disclosed to Agent in writing with respect to any representation or warranty other than those contained in Sections 5.3.1, 5.5.4, 5.5.5 and 5.5.6, to which such Borrower is a party are true and correct in all material respects as of the date hereof, and shall be deemed to be remade as of the date hereof. Each Borrower represents and warrants to Agent and Lenders that (i) such Borrower has full power and authority to execute and deliver this Amendment and to perform its obligations hereunder, (ii) upon the execution and delivery hereof, this Amendment will be valid, binding and enforceable upon such Borrower in accordance with its terms, (iii) the execution and delivery of this Amendment does not and will not contravene, conflict with, violate or constitute a default under (A) its articles of incorporation or by-laws, or (B) any applicable law, rule, regulation, judgment, decree or order or any agreement, indenture or instrument to which such Borrower is a party or is bound or which is binding upon or applicable to all or any portion of such Borrower's Property and (iv) as of the date hereof no Incipient Default or Event of Default exists.

8. Amendment Fee; Costs and Expenses. In consideration of the execution and delivery by Agent and Lenders of this Amendment, Borrowers shall pay to Agent and Lenders a non-refundable amendment fee of $100,000, which shall be deemed to be fully earned and payable upon the execution and delivery of this Amendment by Agent and Lenders. Borrowers shall reimburse Agent and Lenders for all fees and expenses incurred in the preparation, negotiation and execution of this Amendment and the consummation of the transactions contemplated hereby, including, without limitation, the fees and expenses of counsel for Agent and Lenders.

9. No Further Amendments; Ratification of Liability. Except as amended hereby, the Loan Agreement and each of the other Loan Instruments shall remain in full force and effect in accordance with its respective terms. Each Borrower hereby ratifies and confirms its liabilities, obligations and agreements under the Loan Agreement and the other Loan Instruments, all as amended by this Amendment, and the Liens created thereby, and acknowledges that (i) it has no defenses, claims or set-offs to the enforcement by Agent or Lenders of such liabilities, obligations and agreements, (ii) Agent and each Lender have fully performed all obligations to such Borrower which it may have had or has on and as of the date hereof and (iii) other than as specifically set forth herein, Lenders (A) expressly reserve and preserve all of their rights and remedies under the Loan Agreement and the other Loan Instruments and (B) do not waive, diminish or limit any term or condition contained in the Loan Agreement or the other Loan Instruments. Lenders' agreement to the terms of this Amendment or any other amendment of the Loan Agreement shall not be deemed to establish or create a custom or course of dealing among

Lenders and Borrowers. The Loan Instruments, as amended by this Amendment, contain the entire agreement among Lenders and Borrowers with respect to the transactions contemplated hereby.

10. Counterparts; Facsimile Execution. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original and by facsimile , and all of which, when taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of this Amendment by telefacsimile shall be equally as effective as delivery of a manually executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by telefacsimile shall also deliver a manually executed counterpart of this Amendment, but the failure to deliver a manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

11. Further Assurances. Borrowers covenant and agree that they will at any time and from time to time do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, documents and instruments as reasonably may be required by Lenders in order to effectuate fully the intent of this Amendment.

12. Severability. If any term or provision of this Amendment or the application thereof to any party or circumstance shall be held to be invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, the validity, legality and enforceability of the remaining terms and provisions of this Amendment shall not in any way be affected or impaired thereby, and the affected term or provision shall be modified to the minimum extent permitted by law so as most fully to achieve the intention of this Amendment.

13. Captions. The captions in this Amendment are inserted for convenience of reference only and in no way define, describe or limit the scope or intent of this Amendment or any of the provisions hereof.

14. Governing Law. This Amendment shall be construed in accordance with and governed as to validity, interpretation, construction, effect and in all other respects by the laws and decisions of the State of Arizona. For purposes of this Section 13, this Amendment shall be deemed to be performed and made in the State of Arizona.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF, this Amendment has been executed and delivered by each of the parties hereto by a duly authorized officer of each such party on the date first set forth above.

RED ROBIN GOURMET BURGERS, INC.,
a Delaware corporation

By: /s/ James P. McCloskey

Name: James P. McCloskey
Title:Chief Financial Officer & Secretary

RED ROBIN INTERNATIONAL, INC., a Nevada
corporation

By: /s/ James P. McCloskey

Name: James P. McCloskey
Title:Chief Financial Officer & Secretary

RED ROBIN DISTRIBUTING COMPANY, INC., a
Colorado corporation

By: /s/ James P. McCloskey

Name: James P. McCloskey
Title:Chief Financial Officer & Secretary

RED ROBIN WEST, INC., a Nevada corporation

By: /s/ James P. McCloskey

Name: James P. McCloskey
Title:Chief Financial Officer & Secretary

RED ROBIN OF BALTIMORE COUNTY, INC., a
Maryland corporation

By: /s/ John W. Grant

Name: John W. Grant
Title:President

RED ROBIN OF ANNE ARUNDEL COUNTY, INC., a
Maryland corporation

By: /s/ John W. Grant

Name: John W. Grant
Title:President

RED ROBIN OF MONTGOMERY COUNTY, INC., a
Maryland corporation

By: /s/ John W. Grant

Name: John W. Grant
Title:President

WESTERN FRANCHISE DEVELOPMENT, INC., a
California corporation

By: /s/ James P. McCloskey

Name: James P. McCloskey
Title:Chief Financial Officer & Secretary

FINOVA CAPITAL CORPORATION, a Delaware
corporation

By:

Name:

Title:

RED ROBIN OF ANNE ARUNDEL COUNTY, INC., a Maryland corporation

By:

Name:

Title:

RED ROBIN OF MONTGOMERY COUNTY, INC., a Maryland corporation

By:

Name:

Title:

WESTERN FRANCHISE DEVELOPMENT, INC., a California corporation

By:

Name:

Title:

FINOVA CAPITAL CORPORATION, a Delaware corporation

By: /s/ John Zakoworotny

Name: John Zakoworotny
Title:Vice President

Schedule 1.1

1. Northeast corner of NW Civic Street and Division Street, Gresham, OR (location # 351)

2. Southwest corner of SE Washington Street and SE 100th Avenue, Portland OR (location # 145)

3. Roseville (Creekside), Town Center, Pad 6, Harding Boulevard and Antelope Creek Drive, Roseville, CA (location # 49)

4. 12227 Harbor Boulevard, Garden Grove, CA 92840 (location # 146)

5. 1. W. Flatiron Circle, Suite 504, Broomfield, CO (location # 20)

6. Crown Point, CO under development

7. Dulles Town Center, VA under development

8. Germantown, MD under development

9. Mesa, AZ under development

10. Peoria, AZ under development

11. Prescott, Arizona under development

12. The following New Stores which are the subject of the "Le Carnassier" acquisition:

    6522 Strip Ave. NW, Canton, Ohio (Site No. 601)
    17308 Chesterfield Airport Road, Chesterfield, MO (Site No. 615)

36565 Euclid Avenue, Willoughby, OH (Site No. 604)

13. The following New Stores which are the subject of the "Western Franchise Development" acquisition:

1274 El Camino Real, San Bruno, CA (Site No. 193)
4503 Rosewood Drive, Pleasanton, CA (Site No. 195)
2204 Bridgepointe Parkway, San Mateo, CA (Site No. 196)

List of Omitted Exhibits and Schedules

The following exhibits and schedules to the Second Amendment to Loan Instruments have been omitted and shall be furnished supplementally to the Commission upon request:

Schedule 5.3.1 - Equity Interests
Schedule 5.5.4 - Facility Sites
Schedule 5.5.5 - Leases
Schedule 5.5.6 - Real Estate

Exhibit 10.21

MASTER LOAN AGREEMENT

This MASTER LOAN AGREEMENT (this "Agreement"), dated as of the 3rd day of November, 2000 is made by and between Red Robin International, Inc., a Nevada corporation ("Debtor"), whose address is 5575 DTC Parkway, Suite 110, Englewood, CO 80111 and General Electric Capital Business Asset Funding Corporation ("GE Capital") whose address is 10900 NE 4th Street, Suite 500, Bellevue, WA 98004, mailing address C-97550, Bellevue, WA 98009. GE Capital and Debtor may from time to time enter into written agreements in the form of security agreements and promissory notes pursuant to which GE Capital will make certain secured loans to Debtor. To facilitate such transactions, GE Capital and Debtor are entering into this Agreement, the terms and provisions of which shall be incorporated by reference in each such security agreement and promissory note.

NOW, THEREFORE, in consideration of the premises and the covenants set forth herein, the receipt and sufficiency of which are hereby acknowledged, Debtor and GE Capital hereby agree as follows:

1. Security Agreement. If GE Capital agrees from time to time to make a loan or loans when requested by Debtor, Debtor shall execute and deliver to GE Capital a security agreement ("Security Agreement") granting GE Capital a security interest in the particular collateral more particularly described in the Security Agreement (the "Collateral") to be pledged as security for such loan and if so indicated in the Security Agreement, as security for all other debts or obligations of Debtor to GE Capital now existing or hereafter arising, setting forth the particulars of the transaction, including, without limitation, the amount of each loan (the "Loan Amount") and the final date on which the loan proceeds will be available for each funding (the "Outside Funding Date"). The Loan Amount, the Outside Funding Date, and other relevant information may be specified in a schedule or schedules from time to time attached to and made a part of a Security Agreement in order to facilitate future advances secured by the Collateral described in the Security Agreement. In the absence of a signed Security Agreement, this Agreement shall not constitute a loan agreement or a commitment by either party to enter into a loan.

2. The Borrowing. Subject to the terms and conditions herein stated, GE Capital agrees from time to time during the term of this Agreement to make an interim loan or loans (the "Interim Loan") to Debtor, and/or a term loan or loans (the "Term Loan") to Debtor. (Hereinafter, the Interim Loan and Term Loan are sometimes collectively referred to as the "Loan"). The Interim Loan proceeds will be disbursed as partial advances of the Loan Amount as requested by Debtor. At the earliest to occur of (i) funding by GE Capital of the total Loan Amount, (ii) the Outside Funding Date, or (iii) such other date as may be mutually agreed by the parties (such earliest date hereinafter referred to as the "Closing Date"), the Term Loan will be made by renewing, on the terms and conditions hereinafter set out, the then outstanding Interim Loan principal balance. Alternatively the Loan may be structured solely as a Term Loan pursuant to Section 5 hereof, without a prior Interim Loan.

3. Manner of Borrowing on Interim Loan. Debtor shall give GE Capital at least five (5) days' notice, in the form of a request for the advance of loan proceeds (the "Request"), specifying the date on which any portion of the Interim Loan is to be borrowed. Each Request shall be accompanied by an original copy of the invoice or invoices for equipment to be paid from the Interim Loan proceeds. Such notice shall constitute a representation and warranty by Debtor that as of the date of the notice, no event of default or event that, with the lapse of time or the giving of notice or both, would constitute an event of default, has occurred and is continuing. Subject to the conditions heretofore stated and stated in the Security Agreement, GE Capital will disburse the Loan Amount to the invoicing party, or if Debtor shall have paid the amount of such invoice, GE Capital shall reimburse Debtor for the Loan Amount upon receipt from Debtor of proof of payment.

4. Payment of Interim Loan Principal and Interest. The outstanding principal balance of the Interim Loan, together with all accrued interest thereon, at the rate set forth in the Interim Note, if any, is payable in full on the Closing Date. If on the Closing Date the Term Loan is made, the outstanding principal balance of the Interim Loan will be deemed paid in full with the proceeds from the Term Loan, and the amount of such proceeds shall constitute the beginning balance of the Term Loan.

5. Manner of Borrowing on Term Loan. Upon satisfaction of all conditions herein stated, and upon payment by Debtor of all accrued but unpaid interest on the Interim Loan, if any, GE Capital shall, on the Closing Date, make the Term

Loan by either (i) renewing the Interim Loan on the terms herein set forth, or (ii) disbursing loan proceeds as instructed by Debtor, or (iii) a combination of (i) and (ii). Upon receipt of a request therefore, and upon satisfaction of all conditions herein stated, and upon credit approval by GE Capital, which approval shall be in GE Capital's sole discretion, GE Capital may make additional Term Loans to Debtor, as reflected in the terms of an additional Term Note and, if required, a new Security Agreement, executed by Debtor and delivered to GE Capital. Repayment of such additional Term Loan(s) shall be in accordance with the terms of the related Term Note, Security Agreement and this Agreement.

6. Payment of Principal and Interest on Term Loan. Principal and interest on each Term Loan shall be payable in accordance with the terms and conditions of the related Term Note. Each payment installment shall be applied first to accrued but unpaid interest, with the balance being applied in reduction of the outstanding principal. Payments are deemed paid when received by GE Capital.

7. Promissory Notes. Each Interim Loan shall be evidenced by and repayable with interest in accordance with one or more promissory note(s) of Debtor (the "Interim Note") payable to the order of GE Capital. Each Term Loan shall be evidenced by and repayable with interest in accordance with one or more promissory note(s) of Debtor (the "Term Note") payable to the order of GE Capital in the principal amount of the Term Loan. (The Interim Note and the Term Note are herein sometimes each called a "Note" and collectively the "Notes").

8. Conditions Precedent. GE Capital's obligation to make any loan contemplated hereunder is subject to receipt of all documents that GE Capital may reasonably request to establish the consummation and enforceability of this Agreement. Such documents may include, but are not necessarily limited to, certified resolutions, legal opinions, personal and corporate guarantees, Uniform Commercial Code financing statements, landlord and mortgagee waivers, evidence of insurance and sales agreements or purchase orders.

9. Limitation on Interest. It is the intent of the parties to this Agreement to contract in strict compliance with applicable usury law from time to time in effect. In furtherance thereof, the parties stipulate and agree that none of the terms and provisions contained in this Agreement, the Notes or in any other agreement or document executed in connection herewith, shall ever be construed to create a contract to pay for the use, forbearance or detention of money at a rate in excess of the maximum interest rate permitted to be charged by applicable law from time to time in effect.

10. Debtor's Warranties. Debtor represents and warrants to GE Capital, as of the date of execution of this Agreement and as of the date of execution of any Note and any Security Agreement, that the execution, delivery and performance of this Agreement, the Note and the Security Agreement, respectively, will not result in a default or acceleration of any obligation under any agreement, order, decree or judgment to which it is a party or by which it is bound, nor is it now in default under any of the same; there is no litigation or proceeding pending or threatened against it which may have a materially adverse effect on Debtor or which would prevent or hinder the performance by it of its obligations hereunder; this Agreement and the attendant documents constitute the legal and valid obligations of Debtor, binding and enforceable against it in accordance with their respective terms; no action by or with any commission or administrative agency is required in connection herewith; other than those which have been obtained or waived, no consent of any third party is required in order for Debtor to execute, deliver and perform its obligations under this Agreement and the attendant documents; Debtor has the power to own its assets and to transact business in which it is engaged; and Debtor will give GE Capital prompt notice of any change in its name, identity or structure.

11. Use. Debtor agrees that the Collateral will be used solely in the conduct of Debtor's business and will at all times remain in the possession and control of Debtor at the location(s) specified in the Security Agreement(s) and will not be removed without GE Capital's prior written consent. Debtor promises that the Collateral at all times will be used and operated under and in compliance with the laws of the jurisdiction in which the Collateral is located and in compliance with all lawful acts, rules and regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that

Debtor may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner that will not adversely affect GE Capital's security interest in any Collateral or subject the same to forfeiture or sale. Debtor will not permit any Collateral to be subject to any lien, charge or encumbrance except that of GE Capital and will keep the

Collateral free and clear of any and all liens, charges, encumbrances, and adverse claims. Debtor will not sell, lease, rent, or otherwise dispose of any item of Collateral without the prior written consent of GE Capital.

12. Maintenance and Improvement. Debtor shall at all times, at its own expense, keep the Collateral in good and efficient working order, condition and repair, ordinary wear and tear excepted, and shall make all inspections and repairs regularly required by law, regulation or insurance policy. Debtor shall also make any alterations, improvements or additions to the Collateral that are required by law or regulation. Any alterations, improvements, or additions to shall be made at the expense of Debtor, shall constitute accessions to the Collateral and shall be subject to GE Capital's security interest.

13. Loss and Damage. Debtor shall bear the risk of damage, loss, theft, or destruction, partial or complete, of the Collateral from whatsoever source arising, whether or not such loss or damage is covered by insurance, except that while Debtor is not in default, GE Capital agrees to apply toward payment of obligations of Debtor under this Agreement, insurance proceeds payable to GE Capital by reason of such damage, loss, theft, or destruction. In the event of any damage, loss, theft, or destruction, partial or complete, of any material item over $50,000.00 of Collateral, Debtor shall promptly notify GE Capital in writing and at the option of GE Capital (a) repair or restore the Collateral to good condition and working order, or (b) replace the Collateral with similar equipment in good repair, condition and working order, or (c) pay GE Capital, in cash, an amount equal to the unamortized cost for that item and all other amounts then due and owing under this Agreement, and upon payment of that amount, this Agreement shall terminate with respect to that item only, and GE Capital will release its interest in that item.

14. Insurance. Debtor shall procure and continuously maintain and pay for (a) all risk physical damage insurance covering loss or damage to the Collateral for not less than the full replacement value thereof naming GE Capital as additional insured and loss payee, and (b) bodily injury and property damage combined single limit liability insurance in an amount not less than One Million Dollars ($1,000,000) for each location at which any of the Collateral is located, with such insurance companies and pursuant to such contracts or policies and with such deductibles as are reasonably satisfactory to GE Capital. All contracts and policies shall include provisions for the protection of GE Capital notwithstanding any act or neglect of or breach or default by Debtor, shall provide for payment of insurance proceeds to GE Capital, shall provide that they may not be modified, terminated or canceled unless GE Capital is given at least twenty (20) days' advance written notice thereof, and shall provide that the coverage is "primary coverage" for the protection of Debtor or GE Capital notwithstanding any other coverage carried by GE Capital or Debtor protecting against similar risks. Debtor shall promptly notify any appropriate insurer and GE Capital of each and every occurrence which reasonably may be expected to become the basis of a claim or cause of action against the insured and provide GE Capital with all data pertinent to such occurrence. Debtor shall furnish GE Capital with certificates of such insurance or copies of policies upon request and shall furnish GE Capital with renewal certificates not less than thirty (30) days prior to the renewal date. Proceeds of all insurance are payable first to GE Capital the extent of its interest.

15. Taxes. Debtor agrees to pay all taxes, assessments and other governmental charges of whatsoever kind and character by whom payable on or relating to any item of Collateral or the sale, ownership, use, shipment, transportation, delivery or operation thereof or payable in respect to any obligation of Debtor. Upon receipt of a request therefor from GE Capital, Debtor will submit written evidence of payment of the obligations enumerated in this section.

16. Financial Data. During the term of this Agreement Debtor will provide GE Capital with balance sheets and income statements within forty-five (45) days after the close of each fiscal quarter, or more frequently if requested, as provided to Debtor's franchisor, and CPA prepared financial statements, including balance sheets and income statements of Red Robin International, Inc. on a consolidated basis, within ninety (90) days after the close of each fiscal year. Debtor warrants that any such financial statement shall be a full, true and correct statement of Debtor's financial condition on the stated dates. Debtor shall also provide GE Capital with

personal financial statements and tax returns of any guarantor on an annual basis, and such information concerning its business as GE Capital may reasonably request.

17. General Indemnity. Debtor will defend, indemnify and hold harmless GE

Capital from and against any claim, cause of action, damage, liability, cost or expense (including but not limited to legal fees and costs) which may be assessed against or incurred in any manner by or for the account of Debtor or GE Capital: (i) relating to the Collateral or any part thereof, including without limitation the manufacture, construction, purchase, delivery, acceptance or rejection, installation, alteration, ownership, sale, leasing, removal or return of the Collateral, or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable); (ii) by reason or as a result of any act or omission of Debtor for itself or as agent or attorney-in-fact for GE Capital hereunder; (iii) as a result of claims for patent, trademark or copyright infringement; or (iv) as a result of product liability claims or claims for strict liability.

18. GE Capital's Expenditures. GE Capital may at its option provide insurance, pay taxes, and make other expenditures reasonably necessary to protect GE Capital or the Collateral if Debtor should fail to perform any covenant of this Agreement. Debtor will, on demand, reimburse GE Capital for all such expenditures, together with interest thereon from the date of such expenditure until fully reimbursed at the rate of two percent (2%) per month on the outstanding balance of such expenditures or the highest rate permitted by law, whichever is less.

19. Events of Default and Remedies.

a. Events of Default. Each of the following shall constitute an Event of Default hereunder and a default under any Security Agreement and Note executed in connection herewith:

i. Failure to perform the covenants set forth in Section 14 (Insurance) or breach of the covenants set forth in Section 20 (due on sale of franchise), which failure shall continue for ten (10) days following Debtor's receipt of notice of such failure, or

ii. Failure to pay any installment due under any Note or failure to pay any other monetary obligation owed by Debtor or any affiliate of Debtor at any time to GE Capital, which failure shall continue for more than ten (10) days, or

iii. Failure to perform any other covenant contained in this Agreement, which failure shall continue for thirty (30) days following Debtor's receipt of notice of such failure, or

iv. Default with respect to any other obligations of Debtor to GE Capital under any other transactions, debts, undertakings or agreements or with respect to any other transactions, debts, undertakings or agreements of Debtor to any other party, or

v. If any representation or warranty made by Debtor herein or in any statement or certificate furnished by Debtor in connection with this Agreement or any related agreement proves untrue in any material respect as of the date of making thereof, and shall not be made good within thirty (30) days after written notice thereof to Debtor, or Debtor becomes insolvent or is generally not paying its debts as they become due or makes an assignment for benefit of creditors, or

vi. Proceedings are commenced by Debtor under the Federal Bankruptcy Code or any similar Federal or State laws for the relief of debtors, or proceedings are commenced against debtor and are not dismissed within thirty (30) days after such commencement, or a trustee or receiver is appointed for Debtor or a major part of its property and is not discharged within thirty (30) days after such appointment, or

vii. Any item of Collateral is seized or levied on under legal or governmental process against Debtor or against such item of Collateral or for any reason GE Capital deems itself insecure, or

viii. Any merger, consolidation, reorganization, conversion to "S" corporation status or dissolution of a corporate, partnership or company Debtor, which has a materially adverse effect upon GE Capital's position under this Agreement.

b. Remedies. The occurrence of any Event of Default shall terminate any obligation on the part of GE Capital to advance additional loan proceeds. When the Event of Default has occurred and is continuing, GE Capital at its option may:

i. Proceed by appropriate court action to enforce performance by Debtor of this Agreement, the Security Agreement(s) and the Notes or to recover damages for breach thereof, and/or

ii. Without notice or demand declare immediately due and payable the entire unamortized portion of any and all Notes executed

in connection herewith plus accrued interest and any other amounts then due hereunder; and thereupon GE Capital shall have an immediate right to pursue all remedies provided by law, including, without limitation, the following:

(a). Debtor agrees to put GE Capital in possession of the Collateral on demand;

(b). GE Capital is authorized to enter any premises where any Collateral is situated and take possession thereof without notice or demand and without legal proceedings;

(c). At GE Capital's request, Debtor will assemble the Collateral and make it available to GE Capital at a place designated by GE Capital which is reasonably convenient to both parties;

(d). Debtor agrees that ten (10) days from the time notice is sent shall be a reasonable period of notification of a sale or other disposition of the Collateral;

(e). Debtor agrees to pay on demand the amount of all expenses reasonably incurred by GE Capital in protecting or realizing on the Collateral;

(f). If GE Capital disposes of the Collateral, Debtor agrees to pay any deficiency remaining after application of the net proceeds to the amounts due hereunder and under the Notes.

If upon the occurrence of an Event of Default, GE Capital brings suit or otherwise incurs expenses for protection of GE Capital's rights, Debtor will pay GE Capital its legal fees, in a reasonable amount, together with GE Capital's collection expenses and court costs. In addition, from and after an Event of Default, Debtor shall be liable for interest on amounts due GE Capital hereunder at the rate of six (6%) percent over the rate payable by Debtor under the Term or Interim Notes then in effect; ("Default Interest") provided however, that Debtor shall not be assessed a late charge (as set forth in the Term and Interim Notes) during such period of time that Default Interest is accruing against Debtor as herein stated. The remedies herein provided in favor of GE Capital shall not be deemed to be exclusive but shall be cumulative and in addition to all other remedies available at law or equity.

20. Inspection. GE Capital, its employees or agents, shall at all times during normal business hours have the right to enter the premises where the Collateral may be located for the purpose of inspecting and examining the Collateral to insure Debtor's compliance with its obligations hereunder. Inspections conducted by GE Capital shall be for its own benefit and shall not be relied on by Debtor or any third parties.

21. Personal Property. No item of Collateral will be attached or affixed to realty or any building without GE Capital's prior knowledge and the written consent and waiver, in form and substance acceptable to GE Capital, of the landlord and the mortgagee, if any, of the real property to which the Collateral is proposed to be attached or affixed.

22. Notices. Except for any notice required under applicable law to be given in another manner, any notices required hereunder shall be in writing and shall be given by mailing such notice by certified mail or by sending such notice by Federal Express or other nationally recognized courier, addressed to GE Capital at: 10900 N.E. 4th Street, Suite 500, Bellevue, Washington 98004 (mailing address: C-97550, Bellevue, WA 98009) and to Debtor at: 5575 DTC Parkway, Suite 110, Englewood, CO 80111, Attn: Legal Department, with a copy to the Attn: CFO, or to such other address as either party may from time to time specify in writing to the other. Notices so mailed or sent shall be deemed given on the date shown on the return receipt or courier's records as the date of delivery or first attempted delivery.

23. Further Instruments. From time to time, Debtor will execute such further instruments as GE Capital may reasonably require in order to protect, preserve and maintain the security interest granted in connection herewith.

24. Authorization to Insert. Debtor authorizes GE Capital to insert in the spaces provided herein, and in any Security Agreement or Note executed in connection herewith, dates, models, serial numbers, loan numbers and other pertinent data relative to the proper identification of Debtor, the Collateral or this Loan.

25. Survival. All representations, warranties, covenants, and agreements of Debtor shall survive the execution and delivery of this Agreement or any other agreements or documents executed in connection herewith, and the performance of this Agreement.

26. Assignment. Debtor may not assign or transfer any rights under this Agreement or to the Collateral without GE Capital's prior written consent, except to an affiliate of Debtor or Red Robin International, Inc.

27. Joint and Several. The obligations of all Debtors hereunder shall be both joint and several.

28. Non-Waiver. This Agreement, the Security Agreement(s) and the Notes comprise the entire agreement between GE Capital and Debtor with respect to the Collateral, and any amendments thereto shall be only in a writing executed by both parties. No delay or failure by GE Capital shall constitute a waiver or otherwise affect or impair any right, power or remedy available to GE Capital nor shall any waiver or indulgence by GE Capital or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof. The exercise of any right, power or remedy shall in no event constitute a waiver or cure of any default under this Agreement or prejudice GE Capital in the exercise of any right hereunder unless in the exercise of such right all obligations of Debtor under this Agreement are fully performed.

29. Governing Law. This Agreement, the Security Agreement(s) and the Note(s) shall be governed by and construed according to the laws of the State of Washington.

General Electric Capital Business Asset Funding Corporation	Red Robin International, Inc.
By: /s/ Dawn Peretti	By: /s/ Jim McCloskey
Title: Dawn Peretti, Vice President	Title: Jim McCloskey, CFO

Exhibit 10.22

PROMISSORY NOTE SECURED BY PLEDGE OF STOCK

$300,000 June 30, 2000

On May 11, 2005, for value received, I, Michael J. Snyder ("Maker") promise to pay to the order of Red Robin International, Inc. ("Payee"), at 5575 DTC Parkway, Suite 110, Englewood, Colorado 80111, or at such other place as Payee may direct in writing prior to the due date, the sum of $300,000, with interest at 6.62 percent per annum compounded annually. If Payee achieves cumulative EBITDA for the 2001 and 2002 fiscal years of Payee of at least $46,983,000, all interest accrued under this Promissory Note shall be forgiven, and no additional interest shall accrue after the end of Payee's fiscal year 2002. Any amount unpaid when due shall bear interest at the greater of: (a) 6.62 percent per annum, or (b) the lower of the prime rate published in the Wall Street Journal (New York Edition) plus 2 percent per annum, or the highest rate that may be charged by law. Borrower may pre-pay this note in whole or in part at any time without penalty.

Pursuant to that certain Pledge Agreement of even date between Payee, as holder of the pledge, and Maker, as maker of the pledge, Maker has deposited with Payee as collateral security for payment of this Promissory Note 150,000 shares of common stock of Red Robin International, Inc. If Maker sells all or any portion of the shares of the common stock held by Payee (other than a sale which is a Permitted Transfer to a Related Transferee, as defined in the Shareholders Agreement, dated May 11, 2000, to which Maker is a party), the proceeds from the sale of the Shares after deduction of any taxes due thereon shall be paid to Payee and applied to the sums due under this Promissory Note.

The whole of the principal and any unpaid interest due under this Promissory Note shall immediately become due and payable to Payee upon the earlier of: (a) the due date stated above, or (b) the date Payee terminated Maker's employment for Cause, or the date Maker terminates his employment other than for Substantial Breach (as defined in the Employment Agreement described below) by Payee, (c) at such time as Maker becomes insolvent, (d) upon the appointment of an assignee for the benefit of creditors or of a receiver, trustee, or custodian for Maker, (e) the filing of a petition under any provision of the Bankruptcy Code either by or against Maker, or (f) at such time as Maker is unable to meet his obligations as they become due, without demand for payment and without notice to Maker.

Payee may transfer this Promissory Note to any other person, firm, or corporation, and may deliver the collateral to the transferee of such Promissory Note, who shall thereupon become vested with all the powers and rights given to the Payee in respect thereto, and Payee shall thereafter be forever relieved and discharged from any responsibility or liability in the matter.

In any action brought to enforce or to interpret this Promissory Note, the prevailing party in such action shall be entitled to recover from the losing party the prevailing party's

reasonable attorney's fees.

Maker hereby waives notice of dishonor and protest, presentment, and of impairment of recourse or collateral.

Capitalized terms used in this Promissory Note and not otherwise defined herein shall have the meanings assigned to them in the Employment Agreement between Red Robin International, Inc. and Michael J. Snyder, dated May 11, 2000, or in the other documents referred to therein.

This Promissory Note shall be enforced and interpreted under the laws of the state of Colorado. Any action brought to enforce or to interpret this Promissory Note shall be brought in the state or Federal court of appropriate jurisdiction closest to Payee's headquarters at the time the action is commenced.

Michael J. Snyder
- ----------
Michael J. Snyder

Exhibit 10.23

PROMISSORY NOTE SECURED BY PLEDGE OF STOCK

$300,000 February 27, 2001

On May 11, 2005, for value received, I, Michael J. Snyder ("Maker") promise to pay to the order of Red Robin International, Inc. ("Payee"), at 5575 DTC Parkway, Suite 110, Englewood, Colorado 80111, or at such other place as Payee may direct in writing prior to the due date, the sum of $300,000, with interest at 6.62 percent per annum compounded annually. If Payee achieves cumulative EBITDA for the 2001 and 2002 fiscal years of Payee of at least $46,983,000, all interest accrued under this Promissory Note shall be forgiven, and no additional interest shall accrue after the end of Payee's fiscal year 2002. Any amount unpaid when due shall bear interest at the greater of: (a) 6.62 percent per annum, or (b) the lower of the prime rate published in the Wall Street Journal (New York Edition) plus 2 percent per annum, or the highest rate that may be charged by law. Borrower may pre-pay this note in whole or in part at any time without penalty.

Pursuant to that certain Pledge Agreement dated June 30, 2000, between Payee, as holder of the pledge, and Maker, as maker of the pledge, Maker has deposited with Payee as collateral security for payment of a Promissory Note in favor of Payee in the amount of $300,000, dated June 30, 2000, 150,000 shares of common stock of Red Robin International, Inc. Pursuant to a certain Pledge Agreement dated February 27, 2001, between Payee, as holder of the pledge, and Maker, as maker of the pledge, Maker has agreed that said common stock shall also be pledged to Payee as collateral security for payment of this Promissory Note. If Maker sells all or any portion of the shares of the common stock held by Payee (other than a sale which is a Permitted Transfer to a Related Transferee, as defined in the Shareholders Agreement, dated May 11, 2000, to which Maker is a party), the proceeds from the sale of the Shares after deduction of any taxes due thereon shall be paid to Payee and applied to the sums due under this Promissory Notes.

The whole of the principal and any unpaid interest due under this Promissory Note shall immediately become due and payable to Payee upon the earlier of: (a) the due date stated above, or (b) the date Payee terminated Maker's employment for Cause, or the date Maker terminates his employment other than for Substantial Breach (as defined in the Employment Agreement described below) by Payee, (c) at such time as Maker becomes insolvent, (d) upon the appointment of an assignee for the benefit of creditors or of a receiver, trustee, or custodian for Maker, (e) the filing of a petition under any provision of the Bankruptcy Code either by or against Maker, or (f) at such time as Maker is unable to meet his obligations as they become due, without demand for payment and without notice to Maker.

Payee may transfer this Promissory Note to any other person, firm, or corporation, and may deliver the collateral to the transferee of such Promissory Note, who shall thereupon become vested with all the powers and rights given to the Payee in respect thereto, and Payee shall thereafter be forever relieved and discharged from any responsibility or

liability in the matter.

In any action brought to enforce or to interpret this Promissory Note, the prevailing party in such action shall be entitled to recover from the losing party the prevailing party's reasonable attorney's fees.

Maker hereby waives notice of dishonor and protest, presentment, and of impairment of recourse or collateral.

Capitalized terms used in this Promissory Note and not otherwise defined herein shall have the meanings assigned to them in the Employment Agreement between Red Robin International, Inc. and Michael J. Snyder, dated May 11, 2000, or in the other documents referred to therein.

This Promissory Note shall be enforced and interpreted under the laws of the state of Colorado. Any action brought to enforce or to interpret this Promissory Note shall be brought in the state or Federal court of appropriate jurisdiction closest to Payee's headquarters at the time the action is commenced.

Michael J. Snyder
- ----------
Michael J. Snyder

Exhibit 10.24

PLEDGE AGREEMENT

In order to induce Red Robin International, Inc., a Nevada corporation ("Red Robin"), to loan Michael J. Snyder ("Snyder") the sums referenced in paragraph 3(f), "Loans," of that certain Employment Agreement between Red Robin and Snyder, dated May 11, 2000, Snyder hereby agrees as follows:

1. Definitions.

When used herein, the terms set forth below shall be defined as follows:

(a) "Collateral" means the 150,000 shares of the common stock of Red Robin evidenced by certificate No. 154 and all additions thereto and substitutions therefore and all cash proceeds thereof in excess of any taxes payable by Snyder thereon.

(b) "Event of default" means: (i) any default with respect to payment or performance of the Obligations; (ii) insolvency of any of Snyder; (iii) a creditors committee is appointed to the business of Snyder; (iv) Snyder makes an assignment for the benefit of creditors or a petition in bankruptcy or for reorganization or to affect the plan of arrangement with creditors is filed by or against Snyder; (v) Snyder applies for or permits the appointment of a receiver or trustee for any or all of his property or assets, or any such receiver or trustee has been appointed for any or all of his property or assets; (vi) any of the above action or proceedings are commenced by or against Snyder; (vii) a proceeding is filed or commenced by or against Snyder for dissolution or liquidation; or (viii) Snyder dies.

(c) "Obligations" means all indebtedness arising under the Promissory Note and all liabilities of Snyder to Red Robin of every kind and description arising under said Promissory Note, absolute or contingent, due or to become due, whether for payment or performance, now existing or hereafter arising, regardless of how the same arise out of the Promissory Note; including without limitation, all loans made by Red Robin to Snyder pursuant to the Employment Agreement (including any renewal or extension thereof), all undertakings to take or refrain from taking any action, and all interest, taxes, fees, charges, expenses and attorney fees chargeable to Snyder or incurred by Red Robin in connection with any transaction between Snyder and Red Robin arising out of the Promissory Note.

(d) "Promissory Note" means that certain Promissory Note Secured by Pledge of Stock executed of even date herewith in consideration of Red Robin's loan to Snyder of $300,000 pursuant to paragraph 3(f) of the Employment Agreement mentioned above.

2. Pledge of Collateral.

To secure the payment and performance of the Obligations, Snyder hereby pledges, assigns and transfers to Red Robin, and grants to Red Robin a continuing security interest in all of the Collateral.

3. Representations and Warranties.

The undersigned agrees to reimburse Red Robin on demand for all amounts paid or advanced by Red Robin for the purpose of preserving the Collateral or any part thereof and/or any liabilities or expenses incurred by Red Robin as the transferee or holder of the Collateral. Red Robin shall exercise reasonable care and custody in preserving the Collateral to the extent required by applicable statute and use commercially reasonable efforts to take any action in respect to the Collateral that Snyder reasonably requests in writing. Red Robin's failure to do any such act, however, shall not be deemed a failure to exercise reasonable care.

4. General Covenants.

Red Robin shall be under no duty to: (i) collect the Collateral or any proceeds thereof or give any notice with respect thereto; (ii) preserve the rights of Snyder with respect to the Collateral against third parties; (iii) sell or otherwise realize upon the Collateral; or (iv) seek payment of the Obligations from any particular source. Without limiting the generality of the foregoing, Red Robin shall not be obligated to take any action in connection with any conversion, call, rejection, retirement or any other event relating to the Collateral.

After payment of part of the Obligations, Red Robin may retain a proportionate share portion of the Collateral as security for any remaining Obligations and retain this Agreement as evidence of such security.

5. Rights and Remedies.

Red Robin shall have, among other rights and remedies, those provided in paragraph 5(a) at all times before and after an event of default occurs, and shall have all the rights and remedies enumerated in this Section 5 after an event of default occurs.

(a) Red Robin may, at its option, upon thirty days' notice to Snyder: (i) transfer into its name or the name of its nominee any part of the Collateral; (ii) demand, sue for, collect and receive all interest, dividends, including liquidating dividends, and other proceeds thereof, and hold same as security for payment of Obligations or, if cash proceeds, apply the portion of the cash proceeds after deducting the amount of any taxes Snyder owes thereon, as payment of the Obligations; or (iii) demand, sue for, collect or make any settlement or compromise Red Robin deems desirable with respect to any Collateral.

(b) If any event of default occurs, and so long as it continues, Red Robin may declare all Obligations to be due and payable regardless of their terms, without notice, protest, presentment, or demand, all of which Snyder hereby expressly waives. While an event of default exists, Red Robin shall have, in addition to all rights and remedies contained herein and in other existing or future agreements, guaranties, notes, instruments, and documents executed by Snyder and delivered to Red Robin pertaining to this Agreement or to the Obligations all rights and remedies available to Red Robin under applicable law. Such additional rights and remedies shall include those of a secured party under the Uniform Commercial Code in force in the state of Colorado as of the date hereof. All of Red Robin's rights remedies shall be cumulative and non-exclusive to

the extent permitted by law.

6. General.

(a) Each reference herein to Red Robin shall be deemed to include the successors and assigns of Red Robin, and each reference to Snyder shall be deemed to include the heirs, administrators, legal representatives, successors and assigns of Snyder, all of whom shall be bound by the provisions hereof.

(b) No delay by Red Robin in exercising any rights or other failure to exercise the same shall operate as a waiver of such rights. No notice to Snyder or demand made upon Snyder by Red Robin shall be deemed a waiver of any Obligations or the right of Red Robin to take other or further action without notice or demand as provided herein. No modification or waiver of the provisions hereof shall be effective unless in writing signed by Red Robin, nor shall any waiver be applicable except in the specific instance or matter for which given.

(c) Snyder certifies and covenants that all acts, conditions and things required be done or performed as conditions precedent to the creation and issuance of this Agreement have been done or performed, and this Agreement is valid and legally binding upon Snyder in accordance with its terms.

(d) This Agreement is and shall be deemed to be a contract entered into and made under the laws of the state of Colorado. This Agreement shall in all respects be governed, construed, applied and enforced in accordance with laws of the state of Colorado. If Red Robin brings any action hereunder in any Colorado or federal court of record, Snyder consents to personal jurisdiction over him by such court or courts and agrees that service of process may be made upon him by delivering a copy of the summons and complaint to him in the manner and at the address specified in paragraph 6(h) hereof or in any other manner provided by law.

(e) IN ANY ACTION BROUGHT TO ENFORCE OR TO INTERPRET THIS AGREEMENT, SNYDER WAIVES THE RIGHT TO DEMAND TRIAL BY JURY.

(f) Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. If any portion of this Agreement is declared invalid for any reason in any jurisdiction, such declaration shall have no effect upon the remaining portions, and this Agreement shall continue in effect as if this Agreement had been executed without the invalid portions.

(g) The section headings herein are included for convenience only and shall not be deemed to be part of this Agreement.

(h) Any notice that either party may or must give to the other shall mailed by United States Mail, return receipt requested, postage prepaid, or delivered by a national courier service to the address for the party provided below. If mailed, the notice shall be deemed received two business days after being deposited in the United States mail. If delivered via courier service, then the notice shall be deemed when signed for by the recipient. Either party may change its

address for notices to a new street address (but not a post office box or other address at which courier service is not accepted) by notifying the other party in writing of the new street address.

Notices directed to Red Robin:	Red Robin International, Inc. 5575 DTC Parkway, Suite 110 Englewood, CO 80111 Attn: Legal Department
Notices directed to Snyder:	Michael J. Snyder 142 Capulin Place Castle Rock, CO 80104-9046

7. Assignment by Red Robin.

Red Robin may from time to time without notice to Snyder sell, assign, transfer or otherwise dispose of all or part of the Obligations and/or the Collateral therefore. In such event, each and every immediate and successive purchaser, assignee, transferee or holder of all or any part of the Obligations and/or the Collateral shall have the right to enforce this Agreement by legal action or otherwise, for its own benefit as fully as if such purchaser, assignee, transferee or holder were herein by name specifically given such rights. Red Robin's sale, assignment, transfer or disposal of part of the Obligations or Collateral shall not impair Red Robin's right to enforce this Agreement for its benefit as to the portion of the Obligations or Collateral that Red Robin has not sold, assigned, transferred or otherwise disposed of.

Snyder acknowledges that this Agreement and the Collateral may be transferred to Finova Capital Corporation or other party to secure a loan to Red Robin. If the Promissory Note shall be paid prior to the expiration of the security interest in the Collateral in favor of Finova Capital Corporation or other party, then Snyder authorizes Red Robin to transfer the Collateral to Finova Capital Corporation or such other party as may be designated to hold the Collateral under any present or future pledge agreement between Snyder and Finova Capital Corporation or other party.

Executed at Greenwood Village, Colorado, this 30th day of June 2000.

/s/ Michael J.Snyder
- --------------------
Michael J. Snyder

Exhibit 10.25

PLEDGE AGREEMENT

In order to induce Red Robin International, Inc., a Nevada corporation ("Red Robin"), to loan Michael J. Snyder ("Snyder") the sums referenced in paragraph 3(f), "Loans," of that certain Employment Agreement between Red Robin and Snyder, dated May 11, 2000, Snyder hereby agrees as follows:

1. Definitions.

When used herein, the terms set forth below shall be defined as follows:

(a) "Collateral" means the 150,000 shares of the common stock of Red Robin evidenced by certificate No. 154 and all additions thereto and substitutions therefore and all cash proceeds thereof in excess of any taxes payable by Snyder thereon.

(b) "Event of default" means: (i) any default with respect to payment or performance of the Obligations; (ii) insolvency of any of Snyder; (iii) a creditors committee is appointed to the business of Snyder; (iv) Snyder makes an assignment for the benefit of creditors or a petition in bankruptcy or for reorganization or to affect the plan of arrangement with creditors is filed by or against Snyder; (v) Snyder applies for or permits the appointment of a receiver or trustee for any or all of his property or assets, or any such receiver or trustee has been appointed for any or all of his property or assets; (vi) any of the above action or proceedings are commenced by or against Snyder; (vii) a proceeding is filed or commenced by or against Snyder for dissolution or liquidation; or (viii) Snyder dies.

(c) "Obligations" means all indebtedness arising under the Promissory Note and all liabilities of Snyder to Red Robin of every kind and description arising under said Promissory Note, absolute or contingent, due or to become due, whether for payment or performance, now existing or hereafter arising, regardless of how the same arise out of the Promissory Note; including without limitation, all loans made by Red Robin to Snyder pursuant to the Employment Agreement (including any renewal or extension thereof), all undertakings to take or refrain from taking any action, and all interest, taxes, fees, charges, expenses and attorney fees chargeable to Snyder or incurred by Red Robin in connection with any transaction between Snyder and Red Robin arising out of the Promissory Note.

(d) "Promissory Note" means that certain Promissory Note Secured by Pledge of Stock executed of even date herewith in consideration of Red Robin's loan to Snyder of $300,000 pursuant to paragraph 3(f) of the Employment Agreement mentioned above.

2. Pledge of Collateral.

To secure the payment and performance of the Obligations, Snyder hereby pledges, assigns and transfers to Red Robin, and grants to Red Robin a continuing security interest in all of the Collateral.

3. Representations and Warranties.

The undersigned agrees to reimburse Red Robin on demand for all amounts paid or advanced by Red Robin for the purpose of preserving the Collateral or any part thereof and/or any liabilities or expenses incurred by Red Robin as the transferee or holder of the Collateral. Red Robin shall exercise reasonable care and custody in preserving the Collateral to the extent required by applicable statute and use commercially reasonable efforts to take any action in respect to the Collateral that Snyder reasonably requests in writing. Red Robin's failure to do any such act, however, shall not be deemed a failure to exercise reasonable care.

4. General Covenants.

Red Robin shall be under no duty to: (i) collect the Collateral or any proceeds thereof or give any notice with respect thereto; (ii) preserve the rights of Snyder with respect to the Collateral against third parties; (iii) sell or otherwise realize upon the Collateral; or (iv) seek payment of the Obligations from any particular source. Without limiting the generality of the foregoing, Red Robin shall not be obligated to take any action in connection with any conversion, call, rejection, retirement or any other event relating to the Collateral.

The Collateral also stands as collateral security for that certain Promissory Note which Snyder gave to Red Robin on June 30, 2000, which is evidenced by a Pledge Agreement, also dated June 30, 2000. After payment of part of the Obligations under the Promissory Note and the Promissory Note of June 30, 2000, Red Robin may retain as security for any remaining Obligations a portion of the

Collateral equal to the amounts remaining under both Promissory Notes using a value of $2.25 per share for said Red Robin common stock, and Red Robin may retain this Agreement as evidence of such security.

5. Rights and Remedies.

Red Robin shall have, among other rights and remedies, those provided in paragraph 5(a) at all times before and after an event of default occurs, and shall have all the rights and remedies enumerated in this Section 5 after an event of default occurs.

(a) Red Robin may, at its option, upon thirty days' notice to Snyder: (i) transfer into its name or the name of its nominee any part of the Collateral; (ii) demand, sue for, collect and receive all interest, dividends, including liquidating dividends, and other proceeds thereof, and hold same as security for payment of Obligations or, if cash proceeds, apply the portion of the cash proceeds after deducting the amount of any taxes Snyder owes thereon, as payment of the Obligations; or (iii) demand, sue for, collect or make any settlement or compromise Red Robin deems desirable with respect to any Collateral.

(b) If any event of default occurs, and so long as it continues, Red Robin may declare all Obligations to be due and payable regardless of their terms, without notice, protest, presentment, or demand, all of which Snyder hereby expressly waives. While an event of default exists, Red Robin shall have, in addition to all rights and remedies contained herein and in other existing or future agreements, guaranties, notes, instruments, and documents executed by Snyder and

delivered to Red Robin pertaining to this Agreement or to the Obligations all rights and remedies available to Red Robin under applicable law. Such additional rights and remedies shall include those of a secured party under the Uniform Commercial Code in force in the state of Colorado as of the date hereof. All of Red Robin's rights remedies shall be cumulative and non-exclusive to the extent permitted by law.

6. General.

(a) Each reference herein to Red Robin shall be deemed to include the successors and assigns of Red Robin, and each reference to Snyder shall be deemed to include the heirs, administrators, legal representatives, successors and assigns of Snyder, all of whom shall be bound by the provisions hereof.

(b) No delay by Red Robin in exercising any rights or other failure to exercise the same shall operate as a waiver of such rights. No notice to Snyder or demand made upon Snyder by Red Robin shall be deemed a waiver of any Obligations or the right of Red Robin to take other or further action without notice or demand as provided herein. No modification or waiver of the provisions hereof shall be effective unless in writing signed by Red Robin, nor shall any waiver be applicable except in the specific instance or matter for which given.

(c) Snyder certifies and covenants that all acts, conditions and things required be done or performed as conditions precedent to the creation and issuance of this Agreement have been done or performed, and this Agreement is valid and legally binding upon Snyder in accordance with its terms.

(d) This Agreement is and shall be deemed to be a contract entered into and made under the laws of the state of Colorado. This Agreement shall in all respects be governed, construed, applied and enforced in accordance with laws of the state of Colorado. If Red Robin brings any action hereunder in any Colorado or federal court of record, Snyder consents to personal jurisdiction over him by such court or courts and agrees that service of process may be made upon him by delivering a copy of the summons and complaint to him in the manner and at the address specified in paragraph 6(h) hereof or in any other manner provided by law.

(e) IN ANY ACTION BROUGHT TO ENFORCE OR TO INTERPRET THIS AGREEMENT, SNYDER WAIVES THE RIGHT TO DEMAND TRIAL BY JURY.

(f) Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. If any portion of this Agreement is declared invalid for any reason in any jurisdiction, such declaration shall have no effect upon the remaining portions, and this Agreement shall continue in effect as if this Agreement had been executed without the invalid portions.

(g) The section headings herein are included for convenience only and shall not be deemed to be part of this Agreement.

(h) Any notice that either party may or must give to the other shall mailed by United

States Mail, return receipt requested, postage prepaid, or delivered by a national courier service to the address for the party provided below. If mailed, the notice shall be deemed received two business days after being deposited in the United States mail. If delivered via courier service, then the notice shall be deemed when signed for by the recipient. Either party may change its address for notices to a new street address (but not a post office box or other address at which courier service is not accepted) by notifying the other party in writing of the new street address.

Notices directed to Red Robin:	Red Robin International, Inc. 5575 DTC Parkway, Suite 110 Englewood, CO 80111 Attn: Legal Department
Notices directed to Snyder:	Michael J. Snyder 142 Capulin Place Castle Rock, CO 80104-9046

7. Assignment by Red Robin.

Red Robin may from time to time without notice to Snyder sell, assign, transfer or otherwise dispose of all or part of the Obligations and/or the Collateral therefore. In such event, each and every immediate and successive purchaser, assignee, transferee or holder of all or any part of the Obligations and/or the Collateral shall have the right to enforce this Agreement by legal action or otherwise, for its own benefit as fully as if such purchaser, assignee, transferee or holder were herein by name specifically given such rights. Red Robin's sale, assignment, transfer or disposal of part of the Obligations or Collateral shall not impair Red Robin's right to enforce this Agreement for its benefit as to the portion of the Obligations or Collateral that Red Robin has not sold, assigned, transferred or otherwise disposed of.

Snyder acknowledges that this Agreement and the Collateral may be transferred to Finova Capital Corporation or other party to secure a loan to Red Robin. If the Promissory Note shall be paid prior to the expiration of the security interest in the Collateral in favor of Finova Capital Corporation or other party, then Snyder authorizes Red Robin to transfer the Collateral to Finova Capital Corporation or such other party as may be designated to hold the Collateral under any present or future pledge agreement between Snyder and Finova Capital Corporation or other party.

Executed at Greenwood Village, Colorado, this 30th day of June 2000.

/s/ Michael J. Snyder
- ----------------------
Michael J. Snyder

Exhibit 10.26

AGREEMENT

AGREEMENT made this 15th day of July, 1998, between RED ROBIN, INTERNATIONAL, with its principal office at 5575 DTC Parkway, Suite 110, Englewood, Colorado, hereinafter referred to as the "Client" and MCCLAIN FINLON ADVERTISING, INC., with its principal office at 1440 Blake Street, Denver, Colorado, hereinafter referred to as the "Agency."

The Client wishes to engage the services of the Agency to advertise and promote the Client, its products and services to the public.

IT IS THEREFORE AGREED as follows:

1. Engagement and Authorization of the Agency. The Agency is hereby engaged and authorized as Agency of record for the Client, to create and carry out advertising and promotional programs on behalf of the Client, and in that regard to enter into contracts with third parties on behalf of the Client, but only with the express prior authorization of Client.

2. Scope of Agency's Services. The Agency shall act as the Client's advertising representative and perform all of the following services to the extent necessary to meet the Client's need.

a) Study and analyze the Client's business and products or services and survey the market therefor;

b) Develop an advertising program designed to meet the Client's needs and budgetary limitations;

c) Counsel the Client on its overall marketing program and make plans for a comprehensive program;

d) Determine and analyze the effect of the advertising used;

e) Plan, create, write and prepare layouts, copy and produce finished materials for advertisement and printed collateral of all types;

f) Provide, negotiate, arrange, and contract for any special talent required and for photography, models, special effects, layouts and artwork, and for printing, including any required engraving, electrotypes, typography, and any other necessary technical materials for use in the advertising program at the most favorable rates and terms available under the circumstances.

3. Media. In addition to the aforementioned services, the Agency shall provide media coordination services which include:

a) Analyze all advertising media and select those which are most suitable for use by the Client;

b) Make contracts with the advertising media for space or time and with others to carry out the advertising program and obtain the most favorable terms and rates available under the circumstances;

c) Check and follow up on all contracts with the various media for proper performance in the best interests of the Client, including the appearance, accuracy, date, time, position, size, extent, site, workmanship and mechanical production, as appropriate to the advertisements used;

d) Make timely payments to all persons or firms supplying goods or services in connection with the advertising program;

e) Advise and bill the Client for all remittances made by the Agency for the Client's account and maintain complete and accurate books and records in this regard.

In the event the Client, after having approved any planned advertising, cancels all or any part thereof, the Client shall pay for all costs incurred therefore to the date of cancellation and any unavoidable costs incurred thereafter, including any non-cancelable commitments for time or space.

4. Compensation. On the first day of each month during the period of July 15, 1998, through July 14, 1999, Client will pay Agency a fee of $36,571 per month for the account, creative and media services to be performed that month. July 1998 and 1999 will be billed on a pro rata basis. The fee is based on an

estimate of service according to staffing charts in Addendum A. Staffing will be reviewed on or before December 31, 1998. With mutual agreement the retainer may be adjusted to compensate for staffing changes for the

period January 1, 1999 through December 31, 1999. The Agency agrees to a time investment of $35,000 in interim planning, brand and growth planning and creative services beginning June 1, 1998 through July 1, 1999.

5. Special Services.

Creative Services: The Agency will charge prevailing rates for the following:

- Comprehensive layouts
- Typography
- Type Specification
- Storyboards
- Radio scripts
- Final comprehensive layouts
- Scans/stats
- Color copies/computer outputs

6. Advertising Expenses and Travel.

a) Expenses - The Client shall reimburse the Agency for its net costs of copies, faxes, mailing, packaging, shipping, taxes and duties, and telephone calls, as well as mileage at a rate of $.31 per mile incurred by the Agency in connection with the performance of this Agreement.

b) Travel - The Client shall reimburse all of the Agency's net costs for any necessary traveling done on behalf of the Client. Such travel shall be subject to the prior approval of the Client.

7. Budget. The Client designates Doug Watson, Marketing Director, as primary contact person for budget approval within its organization. Doug Watson is authorized to deal with the Agency and to communicate with the Agency on behalf of the Client.

8. Prior Approval of Client. The Agency shall not incur any obligations with third parties for the Client's account without first obtaining approval from the Client. The Agency will provide written estimates for Client approval. The Agency shall not be responsible for missed deadlines, closing dates, or insertions caused by the delay of the Client in approving the advertising proposal.

9. Accounts and Payment.

a) Advance Payments - At the time of approval of advertising and promotions projects, the Client shall receive an invoice and pay the Agency fifty percent (50%) of all fees and charges for authorized work as an advance payment against such fees and charges. Agency will deduct such advance payments from final billing on projects.

b) Agency Billing - On the 15th and at the end of each month this Agreement remains in force, the Agency shall render a statement of account to the Client, which shall include all Agency charges for services, costs and expenses incurred hereunder. Client shall remit such charges to the Agency within thirty (30) days of invoice date.

c) Media Insertion Costs - In addition to the foregoing, the Agency will bill the Client for media insertion costs upon issuance of the insertion order. The Client shall remit such media insertion costs to the Agency within thirty (30) days of receipt or prior to the non-cancellation date of the insertion, whichever comes first.

d) Printing Costs - In addition to the foregoing, the Client will pay fifty percent (50%) of printing costs in advance of the Agency's commitment for the same and the balance upon completion of the printing job.

e) Due Dates - The Client shall pay bills within thirty (30) days of the date thereof.

f) Late Charges - Bills not paid on or before the due dates shall be considered delinquent and shall be subject to a late charge of one and one-half percent (1.5%) per month of the unpaid balance.

g) Buy-Outs - The Agency will act on behalf of the Client to negotiate appropriate "buy-outs" on photography and illustration, unless otherwise instructed by the Client. The Agency will advise and bill the Client for all remittances made by the Agency for the Client's account.

10. Indemnification.

a) Agency will use due care and will exercise its best judgment in preparing advertising and other services under this Agreement so as to avoid any

claims, proceedings or suits being instituted against Agency and/or the Client.

b) Agency will defend, indemnify and hold the Client and its affiliated entities, their officers and employees, and their successors and assigns, harmless from all claims, suits, losses, damages, expenses and costs, including court costs and reasonable attorney's fees, resulting from claims arising from the use, publication or broadcasting of any advertising materials prepared by Agency for the Client, provided that the Agency shall not be obligated to indemnify the Client for any such losses or claims to the extent relating to the negligence of the Client. Except as hereinafter provided, this indemnification shall not be diminished by reason of the Client's contribution to or approval of the material. This indemnification obligation of Agency shall survive the termination or expiration of this Agreement.

c) Where Agency has relied on facts or information supplied by the Client in support of any representation made in any commercial or other advertisement or where the Client has modified any advertising material prepared by Agency, the Client represents and warrants that it shall be solely responsible for the accuracy, completeness, and propriety of all information concerning its organization, services, products and competitors' products and services which the Client provides or makes available to the Agency in connection with the performance of Agency's services to the Client. The Client will indemnify and hold Agency, Agency's officers and employees harmless against any claim, suit, damages, losses, expenses and costs (including court costs and attorney's fees) resulting from the representation or modification, provided that Client shall not be obligated to indemnify Agency for any such losses or claims to the extent relating to the negligence of Agency, and further provided that the Client is given prompt written notice by Agency of the claim or suit for damages and further provided that the Client is given full control of the defense of the claim or suit, including any settlement thereof, and the full and complete cooperation of Agency in the defense thereof. This indemnification obligation of Client shall survive the termination or expiration of this Agreement.

d) Agency will maintain at all times during the term of this Agreement a policy of advertising liability insurance with a reputable insurance company. This policy will have limits of not less than One Million ($1,000,000) Dollars and will cover at a minimum the hazards of libel, slander, defamation,

copyright infringement, trademark infringement, invasion of privacy, piracy and plagiarism. Agency will provide at Client's request certificates of insurance evidencing such insurance coverage and providing that Client is listed as an additional named insured on such insurance policy.

11. Duration and Termination

a) Duration - This Agreement shall become effective on the date first set

forth above and shall continue in force for a period of one year from that date, unless sooner terminated or modified as provided herein.

b) Termination, Work in Progress - Either party may terminate this Agreement by giving the other party ninety (90) days written notice prior to the effective date of termination. During the 90 day termination period, the standard monthly fee will continue, except as defined in section 11 (a). Upon receipt of written notice of termination, the Agency shall not commence work on any new advertisements without written instructions to do so from the Client, but, unless notified in writing to the contrary, it shall complete and place all advertisements previously approved by the Client. All other rights and duties of the parties shall continue during such notice period and the Client shall be responsible for the payment of any contract obligation owing to third parties during this period. If either the Client or Agency desires to terminate all work in progress on advertisements commenced before receipt of notice of termination, it may do so only upon the parties' mutual written consent and the determination and payment of the compensation to be received by the Agency for partially completed work.

c) Assignment Upon Termination - Upon termination of this Agreement and final payment of all outstanding invoices from the Agency, the Agency shall assign to the Client all of its rights in contracts, agreements, arrangements, or other transactions made with third parties for the Client's account, effective on the date of termination or on such other date as may be agreed upon by the parties; and the Client shall assume all obligations and hold the Agency harmless from all liability thereunder. In the event any contract is non-assignable and consent to assignment is refused, or the Agency cannot obtain a release from its obligations, the Agency shall continue performance, and the Client shall meet its obligations, as to the unassigned

or unreleased contracts only, to the Agency, as though this agreement had not been terminated.

d) Termination Billings - Upon termination of the Agreement, the Agency shall bill the Client for all amounts not previously billed but authorized by the Client and due the Agency at that time. The Agency shall not be entitled to payment for any work commenced after the date notice of termination was given or received by the Agency without the written consent of the Client. The Agency shall, however, be entitled to payment for services commenced and approved for placement in a specific media by the Client prior to receipt of the notice, or, with the express written consent of the Client prior to receipt of the notice, or, with the express written consent of the Client prior to the effective date of termination.

12. Ownership of Materials and Marks.

Ownership of Materials and Marks.

a) All materials, artwork, photographs, research studies, commercials, slogans, musical themes and other creative ideas and materials of any nature that are created or produced and paid for by the Client any time, prior to or after execution of this Agreement, including drafts and intermediate editions which are retained by Agency, shall be the sole and exclusive property of the Client. Agency hereby assigns to the Client any and all right, title and interest it may have of claim to said materials.

Certain materials provided to the Agency by outside suppliers remain the property of that supplier in accordance with general trade practices. Such materials would include, but not be limited to, printing plates, negatives, film and tape masters or originals, and engraving.

b) However, at termination, any unused or unpublished advertising created by the Agency shall remain the property of the Agency, regardless of whether or not the physical embodiment of the creative work is in the Client's possession in the form of copy, art work, plates, film, or video tape, for example, unless it has been paid for by the Client.

c) Agency shall return all creative materials, artwork, photographs, video, research, copy, media affidavits, invoice ad slicks and other items retained

by Agency and which are paid for by the Client (whether created prior to or after the execution of this Agreement) to the Client or to its designee within ten (10) days of the Client's written request if the account is in good standing or within thirty (30) days from the termination of this Agreement and settlement of all outstanding invoices.

d) Agency shall notify the Client upon receipt of any request for the information or materials specified in this paragraph whether or not such request is made pursuant to legal, judicial, governmental or administrative motion or process.

e) Obsolete Materials - When the Agency shall determine that artwork, electrotypes, engraving, photographs, manuscripts, and any other similar items are of no further use in carrying out this Agreement, the Agency shall notify the Client in writing and shall clearly describe the particular item or items. The Client shall then notify the Agency in writing of the disposition the Client desires with respect to such items. All production, shipping and transportation costs shall be borne by the Client, and the Agency shall not be obligated to store the material at its expense except for a period not exceeding ninety (90) days after notice has been given. These provisions shall apply whether the items in question are in the possession of the Agency or third parties. In the event that the Client shall fail to respond to the Agency's notice within ninety (90) days, the Agency shall have the option of destroying same, or, of storing such items in public storage facilities in the name of the Client and at the Client's expense and risk. In such event, the Agency shall notify the Client in writing of such storage and give the Client the necessary particulars.

13. Assignment and Delegation. Neither party may assign any rights nor delegate any duties hereunder without the express prior written consent of the other.

14. Modification. This writing contains the entire Agreement of the parties. No representations were made or relied upon by either party, other than those that are expressly set forth. No agent, employee, or other representative of either party is empowered to alter any of the terms of this Agreement, unless done in writing and signed by an executive officer of the respective parties.

15. Controlling Law. The validity, interpretation, and performance of this Agreement shall be controlled by and construed under the laws of the State of Colorado.

16. Waiver. The failure of either party to this Agreement to object to or to take affirmative action with respect to any conduct of the other which is in violation of the terms of this Agreement, shall not be construed as a waiver of the violation or breach, or of any future violation, breach or wrongful conduct.

17. Notices. All notices pertaining to this Agreement required to be in writing shall be transmitted either by personal hand delivery or through the United States Post Office, addressed to:

a) McClain Finlon Advertising, Inc.
1440 Blake Street
Denver, CO 80202
With copy to: Cathey M. Finlon, Chairman and CEO

b) Red Robin International
5575 DTC Parkway, Suite 110
Englewood, CO 80111
With copy to: Doug Watson, Marketing Director

The addresses set forth above for the respective parties shall be the place where notices shall be sent, unless written notice of a change of address is given.

18. Captions. The captions used herein are for convenience only and do not limit or amplify the provisions hereof.

19. Confidentiality. All knowledge and information not available to the public

which the Agency may acquire with respect to Client's trade secrets, marketing plans, and other confidential matters of Client (collectively, the "Information") shall be held in confidence by the Agency, and the Agency shall not, so long as the Information remains confidential, directly or indirectly, disclose any Information to any person or entity without Client's prior written permission, or use any Information for any purpose except as the Agency's duties under this Agreement may require. The Agency shall protect the Information (whether in writing or verbally given) by using the same degree of care, but no less than a reasonable degree of care, to prevent the unauthorized use, or dissemination of the Information as the Agency uses to protect its own confidential information of a like nature.

Upon termination of this Agreement, or upon request from the Client, Agency agrees to return promptly all Information and copies thereof to the Client and not to use the Information as the basis of future client services, research and development efforts or otherwise.

Provided Agency immediately informs Client in writing, this Agreement imposes no obligation upon the Agency with respect to Information which (a) was in the Agency's possession before receipt from the Client; (b) is or becomes a matter of public knowledge through no fault of the Agency; (c) is rightfully received by the Agency from a third party without a duty of confidentiality; (d) is disclosed by the Client to a third party without a duty of confidentiality on the third party; (e) was independently developed by the Agency prior to the Client; (f) is disclosed under operation of law; or (g) is disclosed by the Agency with the Client's prior written approval.

The Agency agrees not to grant access to the Information, in whole or in part, to any employee of the Agency, unless the employee has a need for such access.

EXECUTED AS OF THE DATE FIRST ABOVE WRITTEN.

RED ROBIN INTERNATIONAL	MCCLAIN FINLON ADVERTISING, INC.
By: /s/ Jim McCloskey	By: /s/ Cathey McClain Finlon
Jim McCloskey	Cathey McClain Finlon
Chief Financial Officer	Chairman and CEO

January 28, 1999

Mr. Jim McCloskey
Chief Financial Officer
Red Robin International
5575 DTC Parkway, Suite 110
Englewood, CO 80111

Dear Jim:

Red Robin International and McClain Finlon Advertising, Inc., agree to add the following to paragraph 4, Compensation, of the Agreement made on the 15th day of July 1998:

Compensation. With mutual agreement the retainer has been adjusted to $58,358 per month for the period January 1, 1999 through December 31, 1999.

EXECUTED AS OF THE DATE FIRST ABOVE WRITTEN

RED ROBIN INTERNATIONAL	MCCLAIN FINLON ADVERTSING, INC.
By: /s/ Jim McCloskey	By: /s/ Cathey McClain Finlon
Jim McCloskey	Cathey McClain Finlon
Chief Financial Officer	Chairman and CEO

Addendum

Addendum to Agreement made July 15th, 1998 between McClain Finlon Advertising, Inc., and Red Robin International.

Substitute for Paragraph 4. Compensation.

Compensation. With mutual agreement, the retainer has been adjusted to
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$92,208 per month for the period January 1, 2000 through June 30, 2000 and $88,958 per month for July 1, 2000 through December 31, 2000. This supercedes the retainer specified in the letter agreement dated January 28, 1999.

EXECUTED AS OF THE DATE FIRST ABOVE WRITTEN

RED ROBIN INTERNATIONAL	MCCLAIN FINLON ADVERTISING, INC.
By: /s/ Neil Culbertson	By: /s/ Cathey M. Finlon
Neil Culbertson	Cathey M. Finlon
Vice President of Marketing	Chairman and CEO

Addendum
Dated: April 5, 2001

Addendum to Agreement made July 15th, 1998 between McClain Finlon Advertising, Inc., and Red Robin International.

Substitute for Paragraph 4. Compensation.

Compensation. With mutual agreement, the retainer has been adjusted to $96,069
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per month for the period January 1, 2001 through December 31, 2001. This supercedes the retainer specified in the letter agreement for the 2000 contract period. The retainer does not include interactive services. Interactive services will be considered out of scope work at standard agency rates.

Advertising Expenses and Travel
- ---

a) Expenses. The Client shall reimburse the Agency for its net costs of
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mailing, copying, packaging, shipping, taxes and duties, and telephone calls, as well as mileage (at the IRS standard mileage rate) incurred by the Agency in connection with the performance of this Agreement.

EXECUTED AS OF THE DATE FIRST ABOVE WRITTEN

RED ROBIN INTERNATIONAL	MCCLAIN FINLON ADVERTISING, INC.
By: /s/ Neil Culbertson	By: /s/ Cathey M. Finlon
Neil Culbertson	Cathey M. Finlon
Vice President of Marketing	Chairman and CEO
Date: 5/8/01	Date: 4/30/01

[PEPSI-COLA COMPANY LETTERHEAD]

EXHIBIT 10.27

*** Confidential treatment has been requested as to certain portions of this agreement. Such omitted confidential information has been designated by an asterisk and has been filed separately with the Securities and Exchange Commission pursuant to Rule 406, under the Securities and Exchange Act of 1933, as amended, and the Commission's rules and regulations promulgated under the Freedom of Information Act, pursuant to a request for confidential treatment.***

FOUNTAIN BEVERAGE SALES AGREEMENT

This fountain beverage agreement (this "Agreement") between Pepsi-Cola Company ("Pepsi-Cola"), a division of PepsiCo, Inc., a North Carolina corporation with its principal place of business at 700 Anderson Hill Road, Purchase, New York 10577, on its own behalf and on behalf of the Pepsi/Lipton Tea Partnership (the "Partnership"), and Red Robin International, Inc., a Nevada corporation with its principal place of business at 5575 DTC Parkway, Suite 110, Englewood, CO 80111, (the "Customer") which sets forth the understanding of the parties with respect to the purchase and promotion of Pepsi-Cola's and the Partnership's fountain beverage products by Customer's corporate-owned outlets only. Pepsi-Cola shall, by execution of separate and independent agreement(s) in the form of Annex A attached hereto, make available to Customer's franchisees and their respective franchise-owned outlets, similar programs and benefits.

1. Term

The term of this Agreement (the "Term") shall commence on April 1, 2000 and expire, upon the later of March 31, 2005, or at such time as purchases of Gallons by Customer's Outlets (as defined herein) meet or exceed a total of 735,000 Gallons (the "Aggregate Volume"). When fully executed, this Agreement will constitute a binding obligation of both parties until such time as the foregoing commitment of the Customer has been fulfilled. For purposes of this Agreement the term "Year" shall mean a twelve (12) month period during the Term beginning on the first day of the Term or anniversary thereof.

2. Scope

During the Term Customer shall purchase postmix products (the "Postmix Products") from Pepsi-Cola and the Partnership for use in preparing fountain beverage products sold under the trademarks of PepsiCo and the Partnership (the "Fountain Products") to be sold in the Customer's existing corporate-owned outlets operated under the Red Robin trademark and corporate-owned outlets that may be opened or acquired under the Red Robin trademark by the Customer during the Term (the "Outlets"). Except to the extent indicated to the contrary, for purposes of this Agreement the term "Gallons" shall mean gallons of Pepsi-Cola corporate brand Postmix Products purchased by Outlets from Pepsi-Cola and the Partnership during the Term. Pepsi-Cola shall make its Postmix Products available to Customer at its national account prices in effect from time to time under Pepsi-Cola's and the Partnership's respective national account programs ("National Account Prices").

3. Exclusivity

It is the intention of the parties that Pepsi-Cola will be the exclusive fountain beverage supplier to the Customer during the Term. Accordingly, except as provided below, the Fountain Products will be the exclusive fountain beverages sold, dispensed or otherwise made available, or in any way advertised, displayed, or promoted at or in connection with the Outlets by any method or through any medium whatsoever (including, without limitation, print, television, radio, internet, coupons, in-store displays and signage). In the event that Customer determines to offer fountain beverages in the Outlets beyond those listed in paragraph 7.1, such further fountain beverages will be those Fountain Products as Pepsi-Cola or the Partnership may offer for sale during the Term.

3.1 Limited Exception.

Customer may offer Dr. Pepper (regular flavor only) and Seven-Up as a fountain beverage in Customer Outlets during the Term. In the event that Customer seeks to offer a fountain beverage flavor not offered by or available from Pepsi-Cola and/or its Bottlers, then Customer shall be permitted to offer such fountain beverage flavor; provided, however, that under no circumstances shall Customer offer or make available fountain products made or manufactured or distributed by The Coca-Cola Company, its affiliates or licensees.

3.2 Packaged Products.

In the event that Customer determines to offer packaged beverage products (including carbonated soft drink, teas, waters, juices, and/or coffee based beverages) in the Outlets during the Term ("Packaged Products"), then Customer will purchase such Packaged Products from Pepsi-Cola's licensed bottlers in whose territories the Outlets are located.

4. Funding

In consideration of Customer's performance of its obligations hereunder, Pepsi-Cola shall make the following funding available to Customer:

4.1 Conversion Funds.

Within thirty (30) days following execution of this Agreement Pepsi-Cola will advance to Customer conversion funds in the amount of *** ("Conversion Funds") to assist Customer in offsetting the cost of conversion to the Fountain Products. Customer shall earn such Conversion Funds Years One through Five at the rate of *** per Gallon based upon the purchase of *** Gallons during Years One through Five.

At the end of Year Five, Pepsi-Cola will reconcile the Conversion Funds advanced to Customer as follows: Pepsi-Cola will multiply the number of Gallons purchased by Customer during Years One through Five by the above rate per Gallon and will compare that result with the amount advanced. The resulting amount, if positive, will be paid by Pepsi-Cola to Customer, or, if negative, will be immediately repaid to Pepsi-Cola.

4.2 Business Development Funds

Commencing in Year Two, Pepsi-Cola will advance Business Development Funds to the Customer an amount representing an advance at the rate of *** per Gallon based upon the number of Gallons purchased by Outlets during the prior Year ("Advanced Business Development Funds"). For Year One only, the amount advanced as Business Development Funds shall be equal to *** based upon an estimated volume of *** Gallons to be purchased by Customer during Year One. Business Development Funds shall be spent by Customer to offset costs and expenses associated with at least one jointly approved business development programs per Year including but not limited to local and national marketing programs, local media purchases, and team member activation initiatives.

At the end of each Year, Pepsi-Cola will reconcile the Business Development Funds advanced to Customer as follows: Pepsi-Cola will multiply the number of Gallons purchased by Customer during the Year by the above rate per Gallon and will compare that result with the amount advanced. The resulting amount, if positive, will be paid by Pepsi-Cola to Customer, or, if negative, will, at Pepsi-Cola's discretion, be either offset against amounts that may concurrently or thereafter become due to Customer under this Agreement or will be paid by Customer to Pepsi-Cola within 30 days following Pepsi-Cola's invoice therefor.

4.3 Merchandising Funds

Throughout the Term, Customer shall earn such merchandising funds at the rate of *** per Gallon on all Gallons ("Merchandising Funds"). For Year One only, an amount equal to *** shall be advanced as Merchandising Funds based upon an estimated volume of *** Gallons to be purchased by Customer during Year One.

At the end of the Year One, Pepsi-Cola will reconcile the Merchandising Funds advanced to Customer as follows: Pepsi-Cola will multiply the number of Gallons purchased by Customer during Year One by the above rate per Gallon and will compare that result with the amount advanced. The resulting amount, if positive, will be paid by Pepsi-Cola to Customer, or, if negative, will be immediately repaid to Pepsi-Cola.

For Year Two through the remainder of the Term, amounts earned by Customer as Merchandising Funds shall be paid to Customer following the end of the Year. Amounts earned by Customer shall be spent to offset costs and expenses associated with at least two jointly approved merchandising programs per Year, including but not limited to brand logos on menus, branded glassware, patio umbrellas and charity sponsorships.

4.4 Corporate Beverage Development Funds

Throughout the Term, Customer shall earn such beverage development funds at the rate of *** per Gallon on all Gallons ("Corporate Beverage Development Funds"). For Year One only, and within thirty (30) days following execution of this Agreement, Pepsi-Cola will advance Corporate Beverage Development Funds in the amount of *** based upon an estimated volume of *** Gallons to be purchased by Customer during Year One.

At the end of Year One, Pepsi-Cola will reconcile the Beverage Development Funds advanced to Customer as follows: Pepsi-Cola will multiply the number of Gallons purchased by Customer during Year One by the above rate per Gallon and will compare that result with the amount advanced. The resulting amount, if positive, will be paid by Pepsi-Cola to Customer, or, if negative, will be immediately repaid to Pepsi-Cola.

For Year Two through the remainder of the Term, amounts earned by Customer as Corporate Beverage Development Funds shall be paid to Customer following the end of the Year. Amounts earned by Customer shall be spent by Customer to offset costs and expenses associated with Customer's system-wide (to the benefit of Customer and its Franchisees, in aggregate) beverage development programs jointly approved by Customer and Pepsi-Cola.

4.5 Growth Incentive Funds

Within thirty (30) days following execution, Pepsi-Cola will advance to Customer the sum of *** as growth incentive funds ("Growth Incentive Funds") deemed earned by Customer over the Term and at the rate of *** per each eligible incremental annual Gallon earned in excess of Customer's estimated annual volume of *** Gallons per Year of the Term ("Growth Gallons"). Accordingly, the *** advanced as Growth Incentive Funds is based upon Customer's purchase of *** Growth Gallons over the Term deemed advanced at a rate of *** per Growth Gallon.

At the end of the Term, Pepsi-Cola will reconcile the Growth Incentive Funds advanced to Customer as follows: Pepsi-Cola will multiply the number of Growth Gallons actually purchased by Customer for each Year of the Term and will compare that result with the amount advanced. The resulting amount, if positive, will be paid by Pepsi-Cola to Customer, or, if negative, will be immediately repaid to Pepsi-Cola.

4.6 Fountain Equipment Funds

For each Year throughout the Term, Pepsi-Cola will accrue fountain equipment funds ("Fountain Equipment Funds") for the Customer at the rate of *** per Gallon on all Gallons purchased by Outlets.

For those Customer Outlets where fountain dispensing equipment is provided by Pepsi-Cola during the Term ("Pepsi-Cola Fountain Equipment"), then any and all amounts accrued by Pepsi-Cola for those particular Outlets ("Equipment Credits") shall be used by Pepsi-Cola to offset costs incurred by Pepsi-Cola in providing and installing Pepsi-Cola Fountain Equipment ("Equipment Costs"). At such time as Equipment Credits equal Equipment Costs for Outlets where Pepsi-Cola Fountain Equipment is installed, then at such time, legal title to such Pepsi-Cola Fountain Equipment shall be transferred to Customer.

For those Customer Outlets where Pepsi-Cola Fountain Equipment is not provided, and all fountain dispensing equipment is provided by Customer, any amounts accrued as Fountain Equipment Funds during a given Year for such Outlets shall be paid to Customer.

4.7 Convention Funds

Throughout the Term, Pepsi-Cola shall make available to Customer amounts as annual convention funds as follows - not to exceed *** each Year for Years One and Two, and not to exceed *** each Year for Years Three, Four and Five ("Convention Funds"), which annual amount may be spent, at Pepsi-Cola's discretion, in support of Customer's annual Franchisee and General Manager Conference. Amounts of Convention Funds remaining unspent at the end of any given Year shall belong to Pepsi-Cola.

4.8 Price Protection Funds

Commencing in Year Two and each Year thereafter for the remainder of the Term, in the event that the gross weighted average National Account price ("Gross Weighted Average NAP") per Gallon of Postmix Products for any such Year increases by more than *** over the Gross Weighted Average NAP per Gallon for the immediately preceding Year, then Pepsi-Cola shall rebate to Customer for the Year under consideration an amount of money equal to the sum of: (a) that portion of any such price increase in excess of *** of the prior Year's Gross Weighted Average NAP, plus (b) the per Gallon rebate, if any, calculated for any Year prior to the Year under consideration multiplied by the actual number of Gallons purchased by the Customer in the Year under consideration.

4.9 Discretionary A&M Funds

For each Year throughout the Term, Customer shall accrue discretionary A&M funds at the rate of *** per Gallon on all Gallons, which accrued amounts may be dispensed by Pepsi-Cola, at Pepsi-Cola's discretion, for miscellaneous joint advertising and marketing purposes during the

respective Year ("Discretionary A&M Funds"). Any amounts accrued and unspent at the end of any given Year shall belong to Pepsi-Cola.

4.10 Payment of Funds.

Unless otherwise specifically provided herein, all payments owing to Customer hereunder will be made within ninety (90) days following the end of each Year.

5. Pepsi-Cola Fountain Equipment

Upon execution of this Agreement or at such time as the useful life of existing units of fountain beverage dispensing equipment in each Customer Outlet expires, Pepsi-Cola will make available and provide each Outlet with a mutually agreed to number of units of Pepsi-Cola Fountain Equipment. Customer agrees to cooperate with Pepsi-Cola in maintaining Pepsi-Cola Fountain Equipment in good working order throughout the Term, and Pepsi-Cola agrees to provide maintenance in accordance with the Service Program set forth herein.

6. Service Program

Pepsi-Cola will cause service to be provided to Pepsi-Cola Fountain Equipment as follows.

Each Year, each Customer Outlet shall be entitled, at no charge, to a maximum of four (4) service calls for the Pepsi-Cola Fountain Equipment, which shall include two (2) preventative maintenance calls. Service shall be made available to Customer Outlets seven days per week, twenty-four hours per day, via dispatch and /or answering machine.

All service and maintenance calls in excess of those specified above, as well as the costs of parts used, shall be charged to Customer at Pepsi-Cola's prevailing rates for service. Pepsi-Cola will provide services through its licensed bottlers or such other service providers as it may designate.

7. Performance Requirements

This Agreement, including all of Pepsi-Cola's support to Customer as described above, is contingent upon the Customer complying with the following performance criteria throughout the Term in or with respect to each of the Outlets.

7.1 Brands.

At least the following Fountain Products brands will be served in all Outlets: Pepsi, Diet Pepsi, Mountain Dew, Mug Root Beer, Lemonade and Hawaiian Punch. In the event that both Dr Pepper and Seven-Up are dispensed at any of the Outlets through the Pepsi-Cola Fountain Equipment, then the Fountain Equipment Funds payable hereunder will be reduced by *** per Gallon.

7.2 Brand Identification.

There will be brand identification for each Fountain Product served on all menus and postmix dispensing valves.

7.3 No Re-Sale.

Customer will use the Postmix Products only to prepare the Fountain Products: (i) in accordance with procedures and standards established by Pepsi-Cola and the Partnership; and (ii) only for immediate or imminent consumption and shall not resell the Postmix Products.

7.4 List of Customer Outlets.

Customer will provide Pepsi-Cola, upon execution of this Agreement a list of all Outlets, including name, location, telephone number(s) and points of contact for each Outlet, and thereafter for the remainder of the Term, Customer shall continue to be responsible for promptly notifying Pepsi-Cola, in writing, of each Outlet that is opened, acquired, closed or sold, and the relevant information pertaining thereto.

8. General Terms

8.1 Termination.

Either party may terminate this Agreement if the other commits a material

breach of this Agreement; provided, however, that the terminating party has given the other party written notice of the material breach and the other party has failed to remedy or cure the material breach within one hundred twenty (120) days of such notice.

8.2 Remedies.

If Pepsi-Cola terminates this Agreement for material breach or Customer fails to purchase and serve the Fountain Products in Outlets throughout the Term, then in addition to any other remedies, to which Pepsi-Cola may be entitled by reason of such material breach, the Customer shall immediately make the following payments to Pepsi-Cola:

1. A payment to Pepsi-Cola reflecting reimbursement for all funding previously advanced by Pepsi-Cola but not earned by the Customer pursuant to the terms of this Agreement plus compounded interest, on such unearned funding, at the rate of 11% per year based on the time between commencement of the Agreement through the date of termination; and
2. At Pepsi-Cola's election, Customer shall either reimburse Pepsi-Cola for the current fair market value of the Pepsi-Cola Fountain Equipment (as reasonably determined by Pepsi-Cola, applying generally accepted accounting standards) or surrender to Pepsi-Cola all Pepsi-Cola Fountain Equipment installed in Outlets, whether leased, loaned or otherwise made available by Pepsi-Cola;

8.3 Expiration.

Upon expiration of this Agreement, if Customer has not entered into a further agreement with Pepsi-Cola for the purchase of Fountain Products, Customer shall, at Pepsi-Cola's election, either reimburse Pepsi-Cola for the current fair market value of the Pepsi-Cola Fountain Equipment (as reasonably determined by Pepsi-Cola, applying generally accepted accounting standards) or surrender to Pepsi-Cola all Pepsi-Cola Fountain Equipment installed in Outlets, whether leased, loaned or otherwise made available by Pepsi-Cola.

8.4 Right of Offset.

Pepsi-Cola reserves the right to withhold payments due hereunder as an offset against amounts not paid by Customer for Postmix Products ordered by and delivered to Customer.

8.5 Customer Representation.

Customer represents and warrants to Pepsi-Cola that the execution, delivery and performance of this Agreement by Customer will not violate any agreements with, or rights of, third parties.

8.6 Entire Agreement.

This Agreement contains the entire agreement between the parties hereto regarding the subject matter hereof and supersedes all other agreements between the parties, including prior funding commitments relating to the purchase of the Postmix Products by Customer. This Agreement may be amended or modified only by a writing signed by each of the parties.

8.7 Non-Disclosure.

Except as may otherwise be required by law or legal process, neither party shall disclose to unrelated third parties the terms and conditions of this Agreement without the consent of the other.

8.8 Governing Law.

This Agreement shall be governed by the laws of the State of New York.

8.9 Force Majeure.

In the event that Pepsi-Cola is unable to deliver the Postmix Products and/or Packaged Products at any time during the Term attributable to events and circumstances beyond the control of Pepsi-Cola and/or bottlers licensed by Pepsi-Cola and the Partnership, i.e., civil unrest, labor strikes, natural disasters, acts of God, then during such periods of interruption, the exclusivity provisions of this Agreement shall be suspended until such time as the interruption is resolved, at which time the parties shall resume their respective performance requirements under this Agreement.

If the foregoing correctly sets forth our understanding, please sign below to confirm our agreement.

PEPSI-COLA COMPANY
A Division of PepsiCo, Inc.

RED ROBIN INTERNATIONAL, INC.

By /s/ ILLEGIBLE
Title: ILLEGIBLE
Date: 2-2-00

By /s/ MICHAEL J. SNYDER
Title: CEO
Date: Feb. 2, 2000

ANNEX A

FORM OF FRANCHISEE
FOUNTAIN BEVERAGE SALES AGREEMENT

This fountain beverage agreement (this "Agreement") between, on the one hand, Pepsi-Cola Company ("Pepsi-Cola"), a division of PepsiCo, Inc., a North Carolina corporation with its principal place of business at 700 Anderson Hill Road, Purchase, New York 10577, on its own behalf and on behalf of the Pepsi/Lipton Tea Partnership (the "Partnership"), and, on the other hand, _____, a _____ corporation with its principal place of business at _____, (the "Franchisee"), as franchisee of Red Robin International, Inc. (its "Franchisor") sets forth the understanding of the parties with respect to the purchase and promotion of Pepsi-Cola's and the Partnership's fountain beverage products.

1. Term

The term of this Agreement shall commence on _____ and expire, upon the later of March 31, 2005, or at such time as Franchisee's purchases of Gallons meet or exceed a total of _____ Gallons (the "Term"). When fully executed, this Agreement will constitute a binding obligation of both parties until such time as the foregoing commitment of the Franchisee has been fulfilled. For purposes of this Agreement, the term "Year" shall mean a twelve (12) month period during the Term beginning on the first day of the Term or anniversary thereof.

2. Scope

During the Term Franchisee shall purchase postmix products (the "Postmix Products") from Pepsi-Cola and the Partnership for use in preparing fountain beverage products sold under the trademarks of PepsiCo and the Partnership (the "Fountain Products") to be sold in the Franchisee's existing franchisee-owned outlets operated under the Red Robin trademark and franchisee-owned outlets that may be opened or acquired under the Red Robin trademark by the Franchisee during the Term (the "Outlets"). Except to the extent indicated to the contrary, for purposes of this Agreement the term "Gallons" shall mean gallons of Pepsi-Cola corporate brand Postmix Products purchased by Outlets from Pepsi-Cola and the Partnership during the Term. Pepsi-Cola shall make its Postmix Products available to Franchisee at its national account prices in effect from time to time under Pepsi-Cola's and the Partnership's respective national account programs ("National Account Prices").

3. Exclusivity

It is the intention of the parties that Pepsi-Cola will be the exclusive fountain beverage supplier to the Franchisee during the Term. Accordingly, except as provided below, the Fountain Products will be the exclusive fountain beverages sold, dispensed or otherwise made available, or in any way advertised, displayed, or promoted at or in connection with the Outlets by any method or through any medium whatsoever (including, without limitation, print, television, radio, internet, coupons, in-store displays and signage). In the event that Franchisee determines to offer fountain beverages in the Outlets beyond those listed in paragraph 7.1, such further fountain beverages will be those Fountain Products as Pepsi-Cola or the Partnership may offer for sale during the Term.

3.1 Limited Exception.

Franchisee may offer Dr. Pepper (regular flavor only) and Seven-Up as a fountain beverage in the Franchisee Outlets during the Term. . In the event that Franchisee seeks to offer a fountain beverage flavor not offered by or available from Pepsi-Cola and/or its Bottlers, then Franchisee shall be permitted to offer such fountain beverage flavor; provided, however, that under no circumstances shall Customer offer or make available fountain products made or manufactured or distributed by The Coca-Cola Company, its affiliates or licensees.

3.2 Packaged Products.

In the event that Franchisee determines to offer packaged beverage products (including carbonated soft drink, teas, waters, juices, and/or coffee based beverages) in the Outlets during the Term ("Packaged Products"), then Franchisee will purchase such Packaged Products from Pepsi-Cola's licensed bottlers in whose territories the Outlets are located.

4. Funding

In consideration of Franchisee's performance of its obligations hereunder, Pepsi-Cola shall make the following funding available to Franchisee:

4.1 Conversion Funds.

Within thirty (30) days following execution of this Agreement Pepsi-Cola will advance to Franchisee conversion funds in the amount of $_____ ("Conversion Funds") to assist Franchisee in offsetting the cost of conversion to the Fountain Products. Franchisee shall earn such Conversion Funds during Years One through Five at the rate of *** per Gallon based upon the purchase of _____ Gallons during Years One through Five.

At the end of Year Five, Pepsi-Cola will reconcile the Conversion Funds advanced to Franchisee as follows: Pepsi-Cola will multiply the number of Gallons purchased by Franchisee during Years One through Five by the above rate per Gallon and will compare that result with the amount advanced. The resulting amount, if positive, will be paid by Pepsi-Cola to Franchisee, or, if negative, will be immediately repaid to Pepsi-Cola.

4.2 Business Development Funds

Commencing in Year Two, Pepsi-Cola will advance Business Development Funds to the Franchisee an amount representing an advance at the rate of *** per Gallon based upon the number of Gallons purchased by Outlets during the prior Year ("Advanced Business Development Funds"). For Year One only, the amount advanced as Business Development Funds shall be equal to $_____ based upon an estimated volume of _____ Gallons to be purchased by Franchisee during Year One. Business Development Funds shall be spent by Franchisee to offset costs and expenses associated with at least two jointly approved business development programs per Year including but not limited to local and national marketing programs, local media purchases, and team member activation initiatives.

At the end of each Year, Pepsi-Cola will reconcile the Business Development Funds advanced to Franchisee as follows: Pepsi-Cola will multiply the number of Gallons purchased by Franchisee during the Year by the above rate per Gallon and will compare that result with the amount advanced. The resulting amount, if positive, will be paid by Pepsi-Cola to Franchisee, or, if negative, will, at Pepsi-Cola's discretion, be either offset against amounts that may concurrently or thereafter become due to Franchisee under this Agreement or will be paid by Franchisee to Pepsi-Cola within 30 days following Pepsi-Cola's invoice therefor.

4.3 Merchandising Funds

Throughout the Term, Franchisee shall earn such merchandising funds at the rate of *** per Gallon on all Gallons ("Merchandising Funds"). For Year One only, an amount equal to _____ shall be advanced as Merchandising Funds based upon an estimated volume of _____ Gallons to be purchased by Franchisee during Year One.

At the end of the Year One, Pepsi-Cola will reconcile the Merchandising Funds advanced to Franchisee as follows: Pepsi-Cola will multiply the number of Gallons purchased by Franchisee during Year One by the above rate per Gallon and will compare that result with the amount advanced. The resulting amount, if positive, will be paid by Pepsi-Cola to Franchisee, or, if negative, will be immediately repaid to Pepsi-Cola.

For Year Two through the remainder of the Term, amounts earned by Franchisee as Merchandising Funds shall be paid to Franchisee following the end of the Year. Amounts earned by Franchisee shall be spent to offset costs and expenses associated with at least two jointly approved merchandising programs per Year, including but not limited to brand logos on menus, branded glassware, patio umbrellas and charity sponsorships.

4.4 Beverage Development Funds

Throughout the Term, Franchisee shall earn such beverage development funds at the rate of *** per Gallon on all Gallons ("Beverage Development Funds"). For Year One only, and within thirty (30) days following execution of this Agreement, Pepsi-Cola will advance Franchisee Beverage Development Funds in the amount of _____ based upon an estimated volume of _____ Gallons to be purchased by Franchisee during Year One.

At the end of Year One, Pepsi-Cola will reconcile the Beverage Development Funds advanced to Franchisee as follows: Pepsi-Cola will multiply the number of Gallons purchased by Franchisee during Year One by the above rate per Gallon and will compare that result with the amount advanced. The resulting amount, if positive, will be paid by Pepsi-Cola to Franchisee, or, if negative, will be immediately repaid to Pepsi-Cola.

For Year Two through the remainder of the Term, amounts earned by Franchisee as Beverage Development Funds shall be paid to Franchisee following the end of the Year. Amounts earned by Franchisee shall be spent by Franchisee to offset costs and expenses associated with Franchisee's system-wide (to the benefit of Franchisee and its Franchisees, in aggregate) beverage development programs jointly approved by Franchisee and Pepsi-Cola.

4.5 Growth Incentive Funds

Each year throughout the Term, Pepsi Cola will offer Customer Growth Incentive Funds based on the incremental growth of Gallons. Each year will be a "Performance Period". The "Base Period" with respect to each Performance Period will be the immediately preceeding twelve-month period or Year. Pepsi-Cola and Customer will mutually agree as to the number of Gallons which will constitute the Base Period volume for the first Year of the Agreement. The number of Gallons purchased during each Performance Period will be compared with the number of Gallons purchased during the corresponding Base Period. If, and to the extent that, the number of Gallons purchased during any Performance Period exceeds the number of Gallons purchased during the corresponding Base Period, Pepsi Cola will pay Customer *** per gallon on all such eligible incremental Gallons.

4.6 Fountain Equipment Funds

For each Year throughout the Term, Pepsi-Cola will accrue fountain equipment funds ("Fountain Equipment Funds") for the Franchisee at the rate of *** per Gallon on all Gallons purchased by Outlets.

For those Franchisee Outlets where fountain dispensing equipment is provided by Pepsi-Cola during the Term ("Pepsi-Cola Fountain Equipment"), then any and all amounts accrued by Pepsi-Cola for those particular Outlets ("Equipment Credits") shall be used by Pepsi-Cola to offset costs incurred by Pepsi-Cola in providing and installing Pepsi-Cola Fountain Equipment ("Equipment Costs"). At such time as Equipment Credits equal Equipment Costs for Outlets where Pepsi-Cola Fountain Equipment is installed, then title to such Pepsi-Cola Fountain Equipment shall be transferred to Franchisee.

For those Franchisee Outlets where Pepsi-Cola Fountain Equipment is not provided, and all fountain dispensing equipment is provided by Franchisee, any amounts accrued as Fountain Equipment Funds during a given Year for such Outlets shall be paid to Franchisee.

4.7 Price Protection Funds

Commencing in Year Two and each Year thereafter for the remainder of the Term, in the event that the gross weighted average National Account price ("Gross Weighted Average NAP") per Gallon of Postmix Products for any such Year increases by more than *** over the Gross Weighted Average NAP per Gallon for the immediately preceding Year, then Pepsi-Cola shall rebate to Franchisee for the Year under consideration an amount of money equal to the sum of: (a) that portion of any such price increase in excess of *** of the prior Year's Gross Weighted Average NAP, plus (b) the per Gallon rebate, if any, calculated for any Year prior to the Year under consideration multiplied by the actual number of Gallons purchased by the Franchisee in the Year under consideration.

4.8 Payment of Funds.

Unless otherwise specifically provided herein, all payments owing to Franchisee hereunder will be made within ninety (90) days following the end of each Year..

5. Pepsi-Cola Fountain Equipment

Upon execution of this Agreement or at such time as the useful life of existing units of fountain beverage dispensing equipment in each Franchisee Outlet expires, Pepsi-Cola will make available and provide each Outlet with a mutually agreed to number of units of Pepsi-Cola Fountain Equipment. Franchisee agrees to cooperate with Pepsi-Cola in maintaining Pepsi-Cola Fountain Equipment in good working order throughout the Term, and Pepsi-Cola agrees to provide maintenance in accordance with the Service Program set forth herein.

6. Service Program

Pepsi-Cola will cause service to be provided to Pepsi-Cola Fountain Equipment as follows. Each Year, each Outlet shall be entitled, at no charge, to a maximum of four (4) service calls for the Pepsi-Cola Fountain Equipment, which shall include two (2) preventative maintenance calls. Service shall be made available to Outlets seven days per week, twenty-four hours per day, via dispatch and /or answering machine.

All service and maintenance calls in excess of those specified above, as well as the costs of parts used, shall be charged to Franchisee at Pepsi-Cola's prevailing rates for service. Pepsi-Cola will provide services through its licensed bottlers or such other service providers as it may designate.

7. Performance Requirements

This Agreement, including all of Pepsi-Cola's support to Franchisee as described above, is contingent upon the Franchisee complying with the following performance criteria throughout the Term in or with respect to each of the Outlets.

7.1 Brands.

At least the following Fountain Products brands will be served in all Outlets: Pepsi, Diet Pepsi, Mountain Dew, Mug Root Beer, Lemonade and Hawaiian Punch. In the event that both Dr

Pepper and Seven-Up are dispensed at any of the Outlets through Pepsi-Cola Fountain Equipment, then the Fountain Equipment Funds payable hereunder will be reduced by *** per Gallon.

7.2 Brand Identification.

There will be brand identification for each Fountain Product served on all menus and postmix dispensing valves.

7.3 No Re-Sale.

Franchisee will use the Postmix Products only to prepare the Fountain Products: (i) in accordance with procedures and standards established by Pepsi-Cola and the Partnership; and (ii) only for immediate or imminent consumption and shall not resell the Postmix Products either to non-affiliated outlets or to consumers in any form other than the Fountain Products.

7.4 List of Franchisee Outlets.

Franchisee will provide Pepsi-Cola, upon execution of this Agreement a list of all Outlets, including name, location, telephone number(s) and points of contact for each Outlet, and thereafter for the remainder of the Term, Franchisee shall continue to be responsible for promptly notifying Pepsi-Cola, in writing, of each Outlet that is opened, acquired, closed or sold, and the relevant information pertaining thereto.

8.0 General Terms

8.1 Termination.

Either party may terminate this Agreement if the other commits a material breach of this Agreement; provided, however, that the terminating party has given the other party written notice of the material breach and the other party has failed to remedy or cure the material breach within one hundred twenty (120) days of such notice.

8.2 Remedies.

If Pepsi-Cola terminates this Agreement for material breach or Franchisee fails to purchase and serve the Fountain Products in Outlets throughout the Term, then in addition to any other remedies, including but not limited to the recovery of lost profits, to which Pepsi-Cola may be entitled by reason of such material breach, the Franchisee shall immediately make the following payments to Pepsi-Cola:

(1) A payment to Pepsi-Cola reflecting reimbursement for all funding previously advanced by Pepsi-Cola but not earned by the Franchisee pursuant to the terms of this Agreement; plus compounded interest, on such unearned funding, at the rate of 11% per year based on the time between commencement of the Agreement through the date of termination; and

(2) At Pepsi-Cola's election, Franchisee shall either reimburse Pepsi-Cola for the current fair market value of the Pepsi-Cola Fountain Equipment (as

reasonably determined by Pepsi-Cola, applying generally accepted accounting standards) or surrender to Pepsi-Cola all Pepsi-Cola Fountain Equipment installed in Outlets, whether leased, loaned or otherwise made available by Pepsi-Cola;

8.3 Expiration.

Upon expiration of this Agreement, if Franchisee has not entered into a further agreement with Pepsi-Cola for the purchase of Fountain Products, Franchisee shall, at Pepsi-Cola's election, either reimburse Pepsi-Cola for the current fair market value of the Pepsi-Cola Fountain Equipment (as reasonably determined by Pepsi-Cola, applying generally accepted accounting standards) or surrender to Pepsi-Cola all Pepsi-Cola Fountain Equipment installed in Outlets, whether leased, loaned or otherwise made available by Pepsi-Cola.

8.4 Right of Offset.

Pepsi-Cola reserves the right to withhold payments due hereunder as an offset against amounts not paid by Franchisee for Postmix Products ordered by and delivered to Franchisee.

8.5 Franchisee Representation.

Franchisee represents and warrants to Pepsi-Cola that the execution, delivery and performance of this Agreement by Franchisee will not violate any agreements with, or rights of, third parties.

8.6 Entire Agreement.

This Agreement contains the entire agreement between the parties hereto regarding the subject matter hereof and supersedes all other agreements between the parties, including prior funding commitments relating to the purchase of the Postmix Products by Franchisee. This Agreement may be amended or modified only by a writing signed by each of the parties.

8.7 Non-Disclosure.

Except as may otherwise be required by law or legal process, neither party shall disclose to unrelated third parties the terms and conditions of this Agreement without the consent of the other.

8.8 Governing Law.

This Agreement shall be governed by the laws of the State of New York.

8.9 Force Majeure.

In the event that Pepsi-Cola is unable to deliver the Postmix Products and/or Packaged Products at any time during the Term attributable to events and circumstances beyond the control of Pepsi-Cola and/or bottlers licensed by Pepsi-Cola and the Partnership, Partnership, i.e., civil unrest, labor strikes, natural disasters, acts of God, then during such periods of interruption, the exclusivity provisions of this Agreement shall be suspended until such time as the interruption is resolved, at which time the parties shall resume their respective performance requirements under this Agreement.

If the foregoing correctly sets forth our understanding, please sign below to confirm our agreement.

PEPSI-COLA COMPANY A Division of PepsiCo, Inc.	_____ As Franchisee of RED ROBIN INTERNATIONAL, INC.
By _____	By _____
Title:_____	Title:_____
Date:_____	Date:_____

EXHIBIT 10.28

Confidential treatment has been requested as to certain portions of this agreement. Such omitted confidential information has been designated by an asterisk and has been filed separately with the Securities and Exchange Commission pursuant to Rule 406 under the Securities and Exchange Act of 1933, as amended, and the Commission's rules and regulations promulgated under the Freedom of Information Act, pursuant to a request for confidential treatment.

A

Sysco Corporation

Master Distribution Agreement

For

Red Robin International, Inc.

May 16, 2001

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MASTER DISTRIBUTION AGREEMENT

Master Distribution Agreement (this "Agreement"), dated May 16, 2001, between SYSCO CORPORATION for itself and on behalf of those of its operating subsidiaries and/or divisions listed in Schedule 1 (collectively, "SYSCO") and Red Robin International, Inc. and each entity that owns or operates any of the establishments listed as Customer Locations on Schedule 1.

Background

A. SYSCO performs regional and national marketing, freight management, consolidated warehousing, quality assurance and performance-based product marketing for suppliers of products to the foodservice distribution industry;

B. SYSCO performs purchasing, marketing, warehousing, quality assurance, product research and development, transportation and distribution services for foodservice customers directly and through its operating subsidiaries and divisions (collectively, "Operating Companies" and individually, "Operating Company"); and

C. Customer owns, operates, is a franchiser of, and/or acts as a group purchasing organization for the establishments listed in Schedule 1 (the "Customer Locations").

D. Customer desires to contract with SYSCO as its primary distributor for foodservice products (i.e., supplying 80% or more of such products) to all of its participating Customer Locations and SYSCO desires to perform these services.

In consideration of the mutual obligations set forth below, the parties agree as follows:

1. Appointment of Distributor

Customer appoints SYSCO to serve as its primary distributor to the Customer Locations of foodservice products within the product categories described in Schedule 2 ("Products"). By appointing SYSCO its "primary distributor" Customer agrees that each participating Customer Location will purchase not less than 80% of the dollar volume of such Customer Location's purchase requirements of Products in each Product category.

Products will include SYSCO(R) brand, national brand and other products stocked by SYSCO. SYSCO(R) brand products include all products under trademarks or tradenames owned by SYSCO as well as products under trademarks available exclusively to SYSCO(R) in foodservice distribution channels.

2. Customer Service Provided by SYSCO

2.1 Account Executive - SYSCO will assign an account executive and/or a customer service representative to service Customer's account. The account executive and/or customer service representative will maintain contact with Customer Locations, on a mutually agreed basis, to review service requirements.

2.2 Item List - SYSCO, with assistance from Customer, will prepare order guides to be used by the Customer when placing orders which will be provided on Red Robin's fiscal monthly calendar for items priced monthly and on a weekly basis for items priced weekly. SYSCO will provide order guides in hard copy format or electronically if the Customer utilizes a SYSCO direct order entry system, at Customer's option.

2.3 Policies and Procedures - A policies and procedures guide has been provided by SYSCO to all Customer Locations. Resonable notice will be given to Customer Locations when policies and procedures are changed by SYSCO. Credits, pickups and other requests for service will be initiated by local Customer Locations personnel according to the guide.

3. Delivery Service Provided by SYSCO

Each Operating Company will establish a delivery schedule for each Customer Location within its market area taking into consideration Customer needs and preferences and will use reasonable, good faith efforts to make on-time deliveries.

4. Information Services Provided By SYSCO

4.1 Usage Reports - SYSCO can provide Customer usage data selected from SYSCO's standard report or flat file options. Standard data is made available either on hard copy or electronically. The electronic options include EDI ANSI X.12, bulletin board, tape or diskette. Should it become necessary to develop customized reports in lieu of or in addition to the standard SYSCO reports, SYSCO will use reasonable efforts to provide such reports. Customer agrees to pay for any additional costs incurred by SYSCO for the development of any customized reports.

4.2 Direct Order Entry - If Customer desires electronic order entry, SYSCO will provide either Customer Companion software or an Internet order entry application utilizing a browser. Either option will enable the Customer Locations to directly place orders electronically with the servicing Operating Company. Any participating Customer Locations must provide, at their own cost, compatible hardware, Internet and network connections in order to utilize the above software or browser application.

4.3 Supporting Software - SYSCO has available supporting software modules that interface with the eSYSCO Order Entry System. This supporting software offers menu planning and inventory management system and can be purchased through SYSCO for a nominal fee.

4.4 Third Party Providers - Upon the Customer's written request, SYSCO will provide to an agent representing a Customer for the purpose of information analysis, order placement or processing, or supplier rebate application (a "Third Party Provider") purchasing information that is normally made available to the Customer, subject to the below listed conditions: The information will only be made available in one of SYSCO's standard electronic formats or utilizing EDI ANSI X.12 standards. All information sent by SYSCO to an authorized Third Party Provider is for the sole use of the Customer. Selling, utilizing, or disclosing such information to anyone other than the Customer is prohibited. Prior to providing any such information to any such Third Party Provider, SYSCO requires a Confidentially Agreement be in place with both the Customer and the Third Party Provider prior to transmission of data to a third party. In the event SYSCO incurs additional costs as a result of Third Party Provider requirements, such costs will be charged to either the Customer or the Third Party Provider.

5. Pricing

5.1 Definition of Cost - The price to Customer for all Products sold under this Agreement (the "Sell Price") will be calculated on the basis of Cost. Except for contract pricing noted in 5.4, "Cost" is defined as the cost of the Product as shown on the invoice to the delivering Operating Company, plus applicable freight. The invoice used to determine Cost will be the invoice issued to the delivering Operating Company by the supplier or by the Merchandising Services Department of SYSCO Corporation. Cost is not reduced by cash discounts for prompt payment available to SYSCO or the Operating Companies.

Applicable freight, in those cases where the invoice cost to the delivering Operating Company is not a delivered cost, means a reasonable freight charge to transport a Product from the Supplier (as defined below) to the Operating Company. Freight charges may include common or contract carrier charges imposed by the Product Supplier or a carrier, or charges billed by Alfmark, SYSCO's freight management service. Applicable freight for any Product will not exceed the rate charged by nationally recognized carriers operating between the same points, for the same quantity of product, and the same type of freight service.

5.2 Merchandising Services - SYSCO performs value-added services for suppliers of SYSCO(R)brand and other products (a "Supplier") over and above procurement activities typically provided. These value-added services include regional and national marketing, freight management, consolidated warehousing, distribution, quality assurance and performance-based product marketing. SYSCO may recover the costs of providing

these services and may also be compensated for these services and considers this compensation to be earned income. Receipt of such cost recovery or earned income does not reduce Cost and does not diminish SYSCO's commitment to provide competitive prices to its customers.

5.3 Sell Price

(a) Calculation of Sell Price - The Sell Price of each Product sold under this Agreement will equal the Cost of such Product divided by 100% minus the percentage margin on sell specified in Schedule 2 for such Product category, less promotional allowances reflected on invoices to the delivering Operating Company which will be passed along as a temporary reduction in the Sell Price for the term of the promotion.

For Example, a Product with a Cost of $25.00 per case, a margin on sell of 10% and a promotional allowance on the face of the invoice of $.50 per case will have a Sell Price calculated as follows:

Calculate base price from margin	$25.00	=	$25.00	=	$27.78
	(100%-10%)		90%		
Less promotional allowance shown the invoice					(.50)
Sell Price					$27.28

(b) Duration of Sell Price - Costs for all Products are recalculated with the following frequencies:

1) Time of sale pricing - price sensitive products with volatile fluctuations in pricing (i.e. produce and fresh seafood);

2) Weekly pricing - commodity products which reflect declines and advances in Cost on a regular basis, as determined by SYSCO (i.e. most protein products) - will be in effect for seven consecutive days;

3) Monthly pricing - fairly stable pricing for extended periods (i.e. most canned products) - will be in effect to coincide with Red Robin's fiscal monthly calendar.

Variances can occur to the Customer's invoiced price due to starting and ending dates of Supplier Agreements, as detailed in Section 6 hereof (and the timing of when "Cost" is determined).

(c) Time of Sell Price Calculation - The following schedule will be used to determine when the sell price is calculated:

1) Time of Sale Pricing - day of invoicing;

2) Weekly Pricing - Thursday of the prior week;

3) Monthly Pricing - Seven days prior to the start of Red Robin's fiscal monthly calendar.

(d) Effective Date of Sell Price - Weekly pricing will be for 7 consecutive days to be determined by the Operating Company. Monthly pricing will coincide with Red Robin's monthly fiscal calendar.

5.4 Customer Contract Pricing - In the event the Customer negotiates contract pricing directly with a Supplier, such contract cost with such Supplier will be used to calculate the Customer's Sell Price, regardless of SYSCO's Cost.

5.5 Substitutions - Should a substitution be necessary, the delivering Operating Company will ship a comparable product at a Sell Price calculated

using the same methodology and margin percentage as on the original Product ordered.

5.6 Adjustment in Margins for Unanticipated Problems - If the operating costs of SYSCO or any particular Operating Company are increased as a direct result of a significant regional or national economic problem, including but not limited to fuel cost increases and power shortages, SYSCO may, with prior consent of the Customer, add a surcharge to the Customer's invoice to compensate for such increased costs.

6. Supplier Agreements - Administration and Handling

6.1 Customer will provide SYSCO with written evidence of the existence of any contractual agreements it has with any Supplier for the purchase of Products ("Supplier Agreements"), utilizing the SYSCO Supplier Detail Form (Schedule 3). Supplier Agreements include agreements for which the Supplier and Customer have agreed on off-invoice allowances for Customer ("Supplier Off-Invoice Allowances") or the guaranteed cost Supplier will charge distributor for Product to be resold to Customer ("Supplier Guaranteed Distributor Cost"). SYSCO will use the Supplier Guaranteed Distributor Cost (of which it has been notified appropriately) as the Cost of such Product when calculating its Sell Price, notwithstanding that the Cost of such Product to SYSCO otherwise varies. SYSCO will provide for a Supplier Off-Invoice Allowance for a Product by deducting such allowance value after the Sell Price of such Product is calculated in accordance with Section 5.3.

6.2 Equivalent SYSCO Branded Product. In the event Supplier is an authorized supplier of SYSCO branded Product which is the equivalent of any Products covered by a Supplier Agreement (the "Equivalent SYSCO Product"), SYSCO may provide such Equivalent SYSCO Product to Customer under the terms of such Supplier Agreement provided that (i) Customer has approved SYSCO branded Product for purchase, (ii) Supplier agrees that such Supplier Agreement terms can be applied to the equivalent SYSCO branded Product; and (iii) such equivalent SYSCO branded Product is stocked by an Operating Company servicing any Customer Location.

6.3 Effectiveness of Additional Supplier Agreements. For any Supplier Agreements which are either (i) not listed on Schedule 3 or (ii) the terms of which change from what is listed on Schedule 3 ("New Supplier Agreements"), SYSCO must be notified in writing 21 days prior to the Customer's fiscal monthly calendar in which it should become effective. Furthermore, in the event any documentation regarding the specifics of any New Supplier Agreement is incomplete, while SYSCO will make every reasonable effort to secure such necessary documentation to implement the terms and provisions of such New Supplier Agreement, if such additional documentation is not received 21 days prior to the Customer's fiscal monthly calendar, the effectiveness of the pricing and allowance terms thereof shall be delayed until the following fiscal calendar month, following receipt of such documentation.

6.4 Administrative Maintenance of Supplier Agreements. Customer agrees that SYSCO is not responsible for inaccuracies, errors or omissions made by Supplier in connection with the billing of the pricing and allowances under the Supplier Agreements and that Customer's sole and exclusive remedy for any such inaccuracies, errors or omissions shall be directly with Supplier. (For example: If the terms and provisions of a New Supplier Agreement are received by January 20th with direction to be effective as of February 1st, the effective dates of such pricing allowances will be March 1st and Customer will look only to Supplier to resolve any issues with respect to such pricing and/or allowances not being effective as of February 1st.)

6.5 Specifically Inventoried Proprietary Product - Effectiveness of Pricing Changes. For Proprietary Products which are specifically inventoried for Customer pursuant to the terms of a Supplier Agreement, Customer agrees that any changes in the Supplier Guaranteed Distributor Cost will not be effective until such time as SYSCO revalues its inventory of such Proprietary Product in accordance with its normal and customary inventory valuation procedures, unless Supplier allows SYSCO to bill back Supplier for such pricing and allowance modifications on its existing inventory at the time of such changes, in which event the pricing to Customer shall change upon the effective date of the New Supplier Agreement.

7. Price Verification

Customer will be allowed one (1) annual price verification at each delivering Operating Company for purchases made under this Agreement. The price verification will consist of reviewing computer reports documenting SYSCO's calculation of the Customer's invoice price and verification of the participating SYSCO Operating Company's delivered Cost. If requested, applicable Supplier invoices and accompanying freight invoices will also be made available. Price verification adjustments, if applicable, will be made utilizing the net of undercharges and overcharges to the Customer. The price verification process is subject to the following:

a. Customer must request a price verification in writing at least twenty (20) business days prior to the suggested date of the price verification. This request must identify the thirty (30) items to be price verified and the period covered;

b. The date and time of price verification must be to the mutual agreement of both parties;

c. The price verification will be made at the delivering Operating Company's location;

d. Support for the price verification may not be removed from the delivering Operating Company location;

e. The period for which pricing is to be verified will not begin more than twelve (12) months prior to the date of the price verification, and will cover only one pricing period.

Due to the extensive time and complexity associated with price verification, SYSCO will not permit computer generated price matching or electronic audits by or on behalf of Customers or any Third Party Provider to be used in lieu of the above price verification procedure.

8. Proprietary and Special Order Products

8.1 Definition of Special Order Products - Special Order Products are defined as products not inventoried by the SYSCO Operating Company whereby the Customer requests the Operating Company to purchase said products on the Customer's behalf.

8.2 Definition of Proprietary Products - Proprietary Products are defined as products bearing the customers name or logo or products with a unique formulation which are restricted for sale to one Customer, or national branded products that would otherwise not be inventoried except for the requirements of the Customer. Products that are produced for SYSCO under the Sysco Brand will be considered Proprietary Products when the Customer designates the product must be procured from specific suppliers.

Due to the highly perishable nature of fresh produce, SYSCO will not honor proprietary status on any fresh produce item.

8.3 Stocking of Proprietary Products - SYSCO Operating companies will stock product deemed necessary by the Customer to conduct their business successfully. However, Customer completely understands that sufficient movement is required to store proprietary items. Customer also agrees to take responsibility for depleting excessive proprietary inventory as well as any proprietary items with no movement in a timely basis.

SYSCO Operating companies will stock 21 days of inventory on all proprietary items.

8.4 Proprietary Product and Special Order Products Requirements - Proprietary Products and Special Order Products for the Customer must meet the following requirements:

a) Suppliers of Proprietary Products and Special Order Products must provide SYSCO with SYSCO's required indemnity agreement and insurance coverage;

b) Proprietary Products and Special Order Products must have a valid UPC number assigned and a scanable UPC bar code on each sellable unit;

c) SYSCO utilizes several third party warehouses throughout the nation for the purpose of efficiently redistributing products ("Redistribution Warehouses"). Any Products placed into the Redistribution Warehouses must be inventoried on a consigned basis by either the Supplier or the Customer.

8.5 Customer Responsibility for Proprietary Products and Special Order Products

a) Hold Harmless - In the event any supplier of Proprietary Products or Special Order Products does not provide SYSCO's required indemnity, Customer will defend, indemnify and hold harmless SYSCO and its employees, officers and directors from all actions, claims and proceedings, and any judgments, damages and expenses resulting therefrom, brought by any person or entity for injury, illness and/or death or for damage to property in either case arising out of the delivery, sale, resale, use or consumption of any such Proprietary Product or Special Order Product, except to the extent such claims are caused by the negligence of SYSCO, its agents or employees.

b) Minimal Movement Requirements - In the event SYSCO, at the request of the Customer, inventories Proprietary Products or Special Order Products (including without limitation, Products featured by Customer for a limited time period) at either any Operating Companies or at any Redistribution Warehouse, and there is no Product movement within 30 days of delivery to such location, Customer agrees to cause such Products to be repurchased and if desired, take possession of all such Product within 14 days following written notification from SYSCO. Products repurchased will be at SYSCO's Cost plus a reasonable transfer and warehouse handling charge not to exceed 10% of the Products Cost.

c) Food Safety and Ground Beef - Food safety is of paramount importance to SYSCO, Customer and the ultimate consumer. To that end, SYSCO has developed a set of stringent standards for the production and packaging of ground beef (the "SYSCO Ground Beef Safety Standards"). In order to adequately protect SYSCO and Customer from potential food safety issues relating to the production and packaging of ground beef and the ultimate consumer, SYSCO shall not be obligated to utilize any Supplier of ground beef which does not meet the SYSCO Ground Beef Safety Standards, a copy of which has been previously provided to Customer, whether or not the ground beef supplied by such supplier has been designated by Customer as a Proprietary Product or Special Order Product.

d) Termination - In the event of termination or expiration of this Agreement, Customer will purchase, or cause a third party to purchase, all remaining Proprietary Products and Special Order Products in SYSCO's inventory at SYSCO's Cost plus a reasonable transfer and warehouse handling charge not to exceed 10% of the Cost of such Proprietary Products or Special Order Products. In such an event, Customer will purchase or cause to be purchased all perishable Proprietary Products and Special Order Products within seven (7) days of the termination of this Agreement and all frozen and dry Proprietary Products and Special Order Products within fifteen (15) days of the termination of this Agreement, and Customer hereby guarantees payment for such Product purchased by a designated third party.

9. Credit

9.1 Net Terms - Payment is due within 28 days from the date of the invoice.

SYSCO reserves the right to modify payment terms for Customer or any company or entity which purchases Products under this Agreement as a franchisee or member of a group purchasing organization, in SYSCO's sole judgement, if any such entity's financial condition materially deteriorates or SYSCO becomes aware of circumstances that may materially and adversely impact such entity's ability to meet its financial obligations when due.

SYSCO will give Customer a (30) day written notice of a material default with thirty (30) days to cure within such thirty (30) day period.

Franchisee Customers which are franchisees or members of group purchasing organizations will normally be offered the standard credit terms offered hereunder. However, at the sole discretion of the servicing SYSCO Operating Company and based on the credit worthiness of the individual Customer Location (or the entity which owns or operates such Customer Location), terms other than that stated in this Agreement may be applied.

9.2 Set Off - SYSCO's rights of set off and recoupment are recognized by Customer and preserved in all respects.

9.3 Service Charge; Collection Fees - If invoices are not paid when due, a service charge will be assessed to Customer, up to the maximum amount permitted by law. Unpaid invoice balances and service charges due to SYSCO will be deducted from any credits due to Customer. Customer shall pay all costs and expenses (including reasonable attorney's fees) SYSCO incurs in enforcing its rights under this Agreement including, without limitation, its right to payment for Product sold to Customer.

9.4 Applications - Customer (and each Customer franchisee and member of Customer's group purchasing organization) will complete, execute and deliver a new account form to SYSCO before this Agreement becomes binding upon SYSCO.

9.5 Financial Information - The continuing creditworthiness of Customer is of central importance to SYSCO. In order to enable SYSCO to monitor Customer's financial condition and if requested by SYSCO, Customer will supply quarterly and annual financial statements to SYSCO consisting of an income statement, balance sheet and statement of cash flow. SYSCO may request such further financial information from Customer from time to time, sufficient, in SYSCO's judgment, to enable SYSCO to accurately assess Customer's financial condition.

9.6 Delivery Stoppage - In the event Customer, or any company or entity which purchases Products under this Agreement as a Customer franchisee or a member of Customer's group purchasing organization, fails to make payment when due, SYSCO or any participating Operating Company to which such payment is due may immediately cease shipment of any Products to Customer or other participating entity until the outstanding receivable balance is fully within terms.

10. Term

The term of this Agreement will begin on May 21, 2001, and will end at 5:00 p.m. Houston time on June 30, 2004.

11. Termination

This Agreement may be terminated prior to its ending date for the following:

(a) By either party for failure of the other party to comply with any material provision of this Agreement within sixty (60) days of such party's receipt of written notice describing said failure;

(b) By SYSCO immediately upon written notice to Customer if Customer's financial position deteriorates materially, determined by SYSCO in its sole judgment; or SYSCO becomes aware of any circumstances that, in SYSCO's sole judgement, materially impacts Customer's ability to meet its financial obligation when due;

(c) By SYSCO with respect to any Customer franchisee or a member of Customer's group purchasing organization, immediately upon written notice to such entity if its financial position deteriorates materially, determined by SYSCO in its sole judgment; or SYSCO becomes aware of any circumstances that, in SYSCO's sole judgment, materially impacts such entity's ability to meet its financial obligations when due;

(d) By SYSCO, if Customer (or any Customer franchisee or member of Customer's group purchasing organization) fails to meet its stated operational representations set out in Schedule 5. The margin schedule submitted is based on the Customer's operational representations concerning its service needs as stated in Schedule 2 including, but not limited to its anticipated purchase volumes, drop sizes, Product mix, location of Customer Locations, number of deliveries, information services/technology requirements, and number of Proprietary Products and Special Order Products as well as Customer's compliance with the payment and other obligations specified in this Agreement. If SYSCO determines at any time or times after ninety (90) days from the date of this Agreement that Customer (or any Customer franchisee or member of Customer's group purchasing organization) requires service which varies materially from the levels contemplated in Customer's representations made to SYSCO in negotiating this Agreement, SYSCO reserves the right to request an increase on the margin specified. SYSCO shall give written notice to Customer (or any Customer franchisee or member of Customer's group purchasing organization) of the proposed increase in the margin. If the parties are unable to agree on such an increase within 30 days after the date of the notice of such increase and Customer's (or any Customer franchisee or member of Customer's group purchasing organization) service requirements and/or contract compliance continues to vary

from that contemplated or required by this Agreement, SYSCO may terminate this Agreement on thirty (30) days written notice to Customer (or any Customer franchisee or member of Customer's group purchasing organization).

Upon termination, Customer (or any Customer franchisee or member of Customer's group purchasing organization) agrees to fully comply with all of its obligations under this Agreement, including, without limitation to pay all invoices at the earlier of 1) the time they are due or 2) two weeks from the date of the last shipment to a Customer Location.

12. Arbitration and Waiver of Jury Trial Right

12.1 Arbitration - All actions, disputes, claims or controversy of any kind now existing or hereafter arising between the parties to this Agreement, including, but not limited to any action, dispute, claim or controversy arising out of this Agreement or the delivery by SYSCO of any Products to Customer (a "Dispute") shall be resolved by binding arbitration in Houston, in accordance with the Commercial Arbitration Rules of the American Arbitration Association and, to the maximum extent applicable, the Federal Arbitration Act. Arbitrations shall be conducted before one arbitrator mutually agreeable to Customer and SYSCO. If the parties cannot agree on an arbitrator within thirty (30) days after the request for an arbitration, then each party will select an arbitrator and the two arbitrators will select upon a third. Judgment of any award rendered by an arbitrator may be entered in any court having jurisdiction. All fees of the arbitrator and other costs and expenses of the arbitration shall be paid by SYSCO and Customer equally unless otherwise awarded by the arbitrator; provided, however, that the non-prevailing party in an arbitration shall pay all reasonable attorneys' fees and expenses incurred by the prevailing party in connection with the Dispute and the arbitration.

12.2 Waiver of Jury Trial Right - Customer affirmatively waives its right to jury trial with respect to any disputes, claims or controversies of any kind whatsoever; Customer having submitted to arbitration any of such disputes, claims or controversies as set out above.

13. Perishable Agricultural Commodities

This Agreement may cover sales of "perishable agricultural commodities" as those terms are defined by federal law. Generally, all fresh and frozen fruits and vegetables which have not been processed beyond cutting, combining, and/or steam blanching are considered perishable agricultural commodities as are oil blanched french fried potato products. All perishable agricultural commodities sold under this Agreement are sold subject to the statutory trust authorized by Section 5(c) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499e(c)). The seller of these commodities retains a trust claim over these commodities and all inventories of food or other products derived from these commodities until full payment is received.

14. Miscellaneous

14.1 Assignment - Neither party may assign this Agreement without the prior written consent of the other party provided that SYSCO may utilize its Operating Companies to perform as indicated in this Agreement. Subject to this limitation, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of each of the parties.

14.2 Entire Agreement - The parties expressly acknowledge that this Agreement contains the entire agreement of the parties with respect to the relationship specified in this Agreement and supersedes any prior arrangements or understandings between the parties with respect to such relationship.

14.3 Amendments - This Agreement may only be amended by a written document signed by each of the parties.

14.4 Notices - Any written notice called for in this Agreement may be given by personal delivery, certified mail, overnight delivery service or confirmed facsimile transmission. Notices given by personal delivery will be effective on delivery; by overnight service on the next business day; by first class mail

five business days after mailing; and by facsimile when an answer back confirming receipt by the recipient's facsimile machine is received. The address of each party is set forth below.

14.5 Donations - Due to the extreme competitiveness of this contract, SYSCO will be unable to offer donations in either free goods, cash, or use of SYSCO owned equipment.

Executed as of the date set forth at the beginning of this Agreement.

SYSCO CORPORATION

20701 East Currier Road
Walnut, CA 91789
Attention: Debbie Martin,
Regional V.P., Multi-Unit Sales
Telephone: (909) 598-7883
Facsimile: (909) 594-0565

By: /s/ DEBBIE MARTIN
Debbie Martin
Regional Vice President,
Multi Unit Sales

Date:_____

Copy to:
- -------

SYSCO Corporation
1390 Enclave Parkway
Houston, Texas 77077-2099
Attention: Operations Review
Telephone: (281) 584-1390
Facsimile: (281) 584-1744

RED ROBIN INTERNATIONAL, INC.

5575 DTC Parkway, #110
Englewood, CO 80111
Attention: Ray Masters
Telephone: (303) 846-6029
Facsimile: (303) 846-6044

By: /s/ RAY MASTERS
Ray Masters
Vice President, Purchasing

Date: 5-22-01

SCHEDULE 2
TO
MASTER DISTRIBUTION AGREEMENT

CUSTOMER MARGINS

	Product Category	Margin
1.	Healthcare	***
2.	Dairy Products	***
	Exception: Cheddar Cheese	***
	All other Cheeses	***
3.	Meats	***
	Exception: Hamburger	***
4.	Seafood (fresh & frozen)	
5.	Poultry (CVP & frozen)	***
6.	Frozen/Refrigerated Foods	***
	Exception: Fries 30# Case	***
	36# Case	***
7.	Canned & Dry	***
	Exception: Coke Products	***
	Dr. Pepper/7-UP	***
8.	Paper & Disposables	***
9.	Chemical/Janitorial (supplies & cleaning)	***
	Exception: Ecolab	***
10.	Supplies & Equipment	***

11.	Dispenser Beverage	***
12.	Produce	***

The SYSCO Corporation owns several specialty meat operations and manages a line of premium meat products that does not fall within the scope of this agreement. Premium meat products will be sold at prevailing market prices.

The SYSCO Corporation owns several specialty produce operations. Purchase of products from said produce operations is not provided for in this agreement.

List of Omitted Exhibits and Schedules

The following exhibits and schedules to the Master Distribution Agreement between Red Robin International, Inc. and Sysco Corporation have been omitted and shall be furnished supplementally to the Commission upon request:

Schedule 1 - Operating Companies and Participating Customer Locations
Schedule 3 - SYSCO Supplier Detail Form
Schedule 4 - Customer Listing of Proprietary Products
Schedule 5 - Customer Representations
Schedule 6 - Customer Incentive Programs

Exhibit 10.29

CREDIT AGREEMENT

Dated as of April 12, 2002

Between

RED ROBIN INTERNATIONAL, INC.,
as Borrower

and

U.S. BANK NATIONAL ASSOCIATION,
as Lender

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SCHEDULES

EXHIBITS

CREDIT AGREEMENT

This credit agreement is made and entered into as of this 12th day of April, 2002, by and between RED ROBIN INTERNATIONAL, INC., a Nevada corporation ("Borrower"), and U.S. BANK NATIONAL ASSOCIATION ("Lender"). Capitalized terms have the meanings assigned in Section 1 hereof.

RECITALS:

WHEREAS Borrower desires that Lender extend certain credit facilities to Borrower which will be used to provide for the working capital requirements of Borrower;

WHEREAS Borrower is willing to grant to Lender a security interest in certain real property and in certain personal property located at or arising from the operation of certain of its restaurants in order to secure the credit facilities;

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, Borrower and Lender agree as follows:

ARTICLE 1. DEFINITIONS, ETC.

1.1 Terms Defined

As used herein, the following terms have the meanings set forth below:

"Access Laws" means the Americans with Disabilities Act of 1990, all state and local laws relating to handicapped access, or any statute, rule, regulation, ordinance, or order of any Governmental Body adopted or enacted with respect thereto.

"Affiliate" means, with respect to any Person, a Person that now or hereafter, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with such Person. A Person shall be deemed to control a corporation or partnership if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management of such corporation or partnership, whether through the ownership of voting securities, by contract, or otherwise.

"Agreement" means this credit agreement as it may be amended, supplemented, or otherwise modified from time to time.

"Applicable Law" means all applicable provisions and requirements of all (a) constitutions, statutes, ordinances, rules, regulations, standards, orders, and directives of any Governmental Bodies, (b) Governmental Approvals, and (c) orders, decisions, decrees, judgments, injunctions, and writs of all courts and arbitrators, whether such Applicable Laws presently exist, or are modified, promulgated, or implemented after the date hereof.

"Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy," as now and hereafter in effect, or any successor statute.

"Borrower" means Red Robin International, Inc., a Nevada corporation, and its successors and its permitted assigns under Section 10.3.

"Business Day" means any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of Washington or is a day on which banking institutions located in such state are authorized or required by law or other governmental action to close.

"Capital Lease" means, as applied to any Person, any lease of any property (whether real, personal, or mixed) by that Person as lessee that, in conformity with GAAP, is accounted for as a capital lease on the balance sheet of that Person.

"Cash Flow Leverage Ratio" means of the end of any Fiscal Quarter, the ratio computed for the period of four consecutive Fiscal Quarters ending on the close of such Fiscal Quarter of (a) Funded Debt plus 6 times total rent and lease expense for such period to (b) EBITDAR for such period.

"Change in Control" means:

(a) at any time prior to an initial or secondary public offering of any class of capital stock of the Parent, the failure of the Investor Group, to own and exercise voting control over a sufficient number of the issued and outstanding shares of capital stock of the Parent together with freely exercisable warrants, options and securities convertible into capital stock of Parent which such shareholders have the financial capability (including borrowing capability) to reasonably exercise which collectively constitute (assuming that such warrants, options and other convertible securities have been exercised) 50% of the capital stock of the Parent on a fully diluted basis; or

(b) after a Qualifying IPO, any person or group of persons (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended), other than the Investor Group, shall have acquired direct or indirect beneficial ownership (within the meaning of Rule 13D-3 promulgated by the Securities and Exchange Commission under said Act) of a percentage of the outstanding voting shares of common stock of the Parent equal to or greater than the lesser of (i) twenty-five percent (25%) and (ii) the percentage of such outstanding shares of the Parent then beneficially owned by the Investor Group; or

(c) at any time, a majority of the individuals who constitute the board of directors of the Parent shall not have been elected and approved by the Investor Group.

"Closing Date" means the date on or before April 30, 2002, on which Lender makes its initial Loan.

"Collateral" means all the property, real or personal, tangible or intangible, now owned or hereafter acquired, in which Lender has been or is to be granted a Lien by Borrower or any other Person, to secure the Obligations.

"Commitments" means the commitment of Lender to make Loans as set forth in Sections 2.1.

"Compliance Certificate" has the meaning set forth in subsection 6.1(d) herein.

"Consolidated" means, as applied to any financial or accounting term with respect to any Person, such term determined on a consolidated basis in accordance with GAAP for the Person and all consolidated Subsidiaries of such Person.

"Contingent Obligation" means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person (a) with respect to any Indebtedness, lease, dividend or other obligation of another if the primary purpose or intent thereof by the Person incurring the Contingent Obligation is to provide assurance to the obligee of such obligation of another that such obligation of another will be paid or discharged, or that any agreements

relating thereto will be complied with, or that the holders of such obligation will be protected (in whole or in part) against loss in respect thereof, (b) with respect to any letter of credit issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings, (c) under Interest Rate Agreements, or (d) under any foreign exchange contract, currency swap agreement, futures contract, option contract, synthetic cap, or other similar agreement or arrangement designed to protect such Person against fluctuations in currency values. Contingent Obligations shall include, without limitation, (a) the direct or indirect guaranty, endorsement (otherwise than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of another, (b) the obligation to make take-or-pay or similar payments if required regardless of nonperformance by any other party or parties to any agreement, and (c) any liability of such Person for the obligation of another through any agreement (contingent or otherwise) (i) to purchase, repurchase or otherwise acquire such obligation or any security therefor, or to provide funds for the payment or discharge of such obligation (whether in the form of loans, advances, stock purchases, capital contributions or otherwise) or (ii) to maintain the solvency or any balance sheet item, level of income or financial condition of another if, in the case of any agreement described under subclause (i) or (ii) of this sentence, the primary purpose or intent thereof is as described in the preceding sentence. The amount of any Contingent Obligation shall be equal to the amount of the obligation so guaranteed or otherwise supported or, if less, the amount to which such Contingent Obligation is specifically limited.

"Deed of Trust" means any deed of trust or mortgage granted by Borrower or any of its Subsidiaries in any interest in real property to secure the Obligations or such deed of trust or mortgage may be amended, supplemented, or otherwise modified from time to time.

"Default" means any condition or event that constitutes an Event of Default or with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Dollars" or "$" shall mean lawful money of the United States of America.

"EBITDAR" means, for a given period, net income, plus interest expense, plus income tax expense, plus depreciation expense plus amortization expense plus rent and lease expense, plus to the extent deducted from net income the amount of any prepayment penalties incurred as a result of extraordinary debt extinguishment concurrently with or after a Qualifying IPO, all of the foregoing determined on a Consolidated basis for Parent.

"Environmental Claim" means any written accusation, allegation, notice of violation, claim, demand, abatement order or other order or direction (conditional or otherwise) by any Governmental Body or any Person for any damage, including, without limitation, personal injury (including sickness, disease or death), tangible or intangible property damage, contribution, indemnity, indirect or consequential damages, damage to the environment, nuisance, pollution, contamination or other adverse effects on the environment, or for fines, penalties or restrictions, in each case relating to, resulting from or in connection with Hazardous Materials and relating to Borrower, any of its Subsidiaries, any of their respective Affiliates or any Facility which in any case could reasonably be expected to have a Material Adverse Effect.

"Environmental Laws" means all statutes, ordinances, orders, rules, regulations, plans, policies or decrees and the like relating to (a) environmental matters, including without limitation, those relating to fines, injunctions, penalties, damages, contribution, cost recovery compensation, losses or injuries resulting from the Release or threatened Release of Hazardous Materials, (b) the generation, use, storage, transportation or disposal of Hazardous Materials, or (c) occupational safety and health, industrial hygiene or protection of wetlands, in any manner applicable to Borrower or any of its Subsidiaries or any of their respective properties, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. Section 9601 et seq.), the Hazardous Materials
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Transportation Act (49 U.S.C. Section 5101 et seq.), the Resource Conservation
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and Recovery Act (42 U.S.C. Section 6901 et seq.), the Federal Water Pollution
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Control Act (33 U.S.C. Section 125 et seq.), the Clean Air Act (42 U.S.C.Section
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7401 et seq.), the Toxic Substances Control Act (15 U.S.C. Section 2601 et
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seq.), the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section
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136 et seq.), the Occupational Safety and Health Act (29 U.S.C. 65 et seq.) and
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the Emergency Planning and Community Right-to-Know Act (42 U.S.C. Section 11001

et seq.), each as amended or supplemented, and any analogous future or present local, state and federal statutes and regulations promulgated pursuant thereto, each as in effect as of the date of determination.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute.

"ERISA Affiliate" means, as applied to any Person, (a) any corporation, which is, or was at any time, a member of a controlled group of corporations within the meaning of

Section 414(b) of the Internal Revenue Code of which that Person is, or was at any time, a member; (b) any trade or business (whether or not incorporated) which is, or was at any time, a member of a group of trades or businesses under common control within the meaning of Section 414(c) of the Internal Revenue Code for which that Person is, or was at any time, a member; and (c) any member of an affiliated service group within the meaning of Section 414(m) or (o) of the Internal Revenue Code of which that Person, any corporation described in clause (a) above or any trade or business described in clause (b) above is, or was at any time, a member.

"Event of Default" has the meaning set forth in Section 9.1 herein.

"Executive Officer" means, as to any corporation, its chairman of the board, chief executive officer, president, chief operating officer, chief financial officer, and treasurer, and any of them.

"Facilities" means any and all real property (including, without limitation, all buildings, fixtures or other improvements located thereon) now, hereafter or heretofore owned, leased, operated or used by Borrower or any of its Subsidiaries (but only as to portions of buildings actually leased or used).

"Fee Property" has the meaning set forth in subsection 4.13(a)(ii) herein.

"Finova Debt" means that certain Indebtedness of Borrower under the loan agreement among Borrower, Finova Capital Corporation ("Finova"), and certain Subsidiaries of Borrower dated as of September 6, 2000, as amended ("Finova Loan Agreement").

"Fiscal Period" means each four-week fiscal accounting period of Borrower identified on the calendar delivered to Lender pursuant to subsection 6.1(j) herein.

"Fiscal Quarter" means with respect to the Fiscal Period ending on (i) the last Sunday of the 16th week in each year, the four Fiscal Periods then ending, (ii) the last Sunday of the 28th week in each year, the three Fiscal Periods then ending, (iii) the last Sunday of the 40th week in each year, the three Fiscal Periods then ending, and (iv) closest to the last Sunday of each year, the three Fiscal Periods then ending.

"Fiscal Year" means each fiscal accounting year of Borrower consisting of 13 Fiscal Periods and ending closest to the last Sunday of each year.

"Fixed Charge Coverage" means (a) EBITDAR minus cash taxes, cash dividends and Unfunded Capital Expenditures for the previous four rolling Fiscal Quarters divided by (b) the sum of all required principal payments (on short and long term Indebtedness and Capital Leases), Interest Expense and rental or lease expense over the last four rolling Fiscal Quarters all of the foregoing as determined on a Consolidated basis for Parent.

"Funded Debt" means, at the time of calculation thereof on a Consolidated Basis: (a) all obligations of Parent and its Subsidiaries for borrowed money or for the deferred

purchase price of property or services and all obligations of Parent and/or any of its Subsidiaries evidenced by bonds, debentures, notes or other similar instruments, including, without limitation, (i) all Indebtedness under this Agreement and (ii) all Subordinated Debt; (b) the face amount of all letters of credit, whether or not drawn, issued for the account of Parent and its Subsidiaries; (c) the capitalized amount of all Capital Leases of Parent and its Subsidiaries; and (d) all Contingent Obligations of Borrower and its Subsidiaries in respect of any of the foregoing.

"Funding Date" means the date of the funding of a Loan.

"GAAP" means generally accepted accounting principles set forth in opinions

and pronouncements of the accounting principles board of the American Institute of Certified Public Accountants in statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by significant segment of the accounting profession, in each case as the same are applicable to the circumstances as of the date of determination.

"Governmental Approval" means any authorization, consent, approval, certificate of compliance, license, permit, or exemption from, contract with, registration or filing with, or report or notice to, any Governmental Body required or permitted by Applicable Law.

"Governmental Body" means the government of the United States, any state, or any governmental or regulatory official, body, department, bureau, subdivision, agency, commission, court, arbitrator, or authority, or any instrumentality thereof, whether federal, state, or local.

"Guarantors" means Parent, all of Borrower's Subsidiaries (other than Inactive Subsidiaries and Liquor License Subsidiaries), and any Person who now or hereafter executes and delivers to Lender a Guaranty.

"Guaranties" means those certain guaranties made by Parent and each Subsidiary of Borrower (other than Inactive Subsidiaries and Liquor License Subsidiaries) dated as of the date hereof and delivered to Lender pursuant to subsection 5.1(d) hereof and all guaranties now or hereafter delivered by any Person to Lender to guaranty all or any portion of the Obligations, as each such guaranty may be amended, restated, supplemented or otherwise modified from time to time.

"Hazardous Materials" means (a) any chemical, material or substance at any time defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," "infectious waste," "toxic substances," or any other formulations intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, "TCLP toxicity" or "EP toxicity," or words of similar import under any applicable Environmental Laws or regulations promulgated pursuant thereto; (b) any oil, petroleum, petroleum fraction or petroleum derived substance; (c) any drilling fluids, produced waters and other wastes associated with

the exploration, development or production of crude oil, natural gas or geothermal resources; (d) any flammable substances or explosives; (e) any radioactive materials; (f) asbestos in any regulated quantity; (g) urea formaldehyde foam insulation; (h) electrical equipment which contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty parts per million; (i) pesticides; and (j) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any Governmental Body.

"Impermissible Qualification" means, relative to the opinion or certification of any independent public accountant as to any financial statement of Borrower or any of its Subsidiaries, any qualification or exception to such opinion or certification (a) which is of a "going concern" or similar nature, (b) which relates to the limited scope of examination of matters relevant to such financial statement or (c) which relates to the treatment or classification of any item in such financial statement and which, as a condition to its removal, would require an adjustment to such item the effect of which would be to cause Borrower or any of its Subsidiaries to be in default of any of its obligations under any of Sections 7.3, 7.15, 7.16 or 7.17.

"Inactive Subsidiaries" means Borrower's Subsidiaries listed as "inactive" on Schedule 8.20.

"Indebtedness" means, as applied to any Person, (a) all indebtedness for borrowed money, (b) that portion of obligations with respect to Capital Leases that is properly classified as a liability on a balance sheet in conformity with GAAP, (c) notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money (other than accounts payable incurred in the ordinary course of business and accrued expenses incurred in the ordinary course of business), (d) any obligation owed for all or any part of the deferred purchase price of property or services (excluding any such obligations incurred under ERISA), which purchase price is (i) due more than six months from the date of incurrence of the obligation in respect thereof or (ii) evidenced by a note or similar written instrument, (e) all indebtedness for borrowed money secured by any Lien on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is nonrecourse to the credit of that Person and (f) all Contingent Obligations; except in any of the foregoing cases for any indebtedness or obligations between a Subsidiary and Borrower or another Subsidiary.

"Indemnified Liabilities" has the meaning set forth in Section 10.2 herein.

"Indemnified Persons" has the meaning set forth in Section 10.2 herein.

"Interest Expense" means, for any period, total consolidated interest expense (both cash and noncash and determined without regard to original issue discount) of Borrower and its Subsidiaries for such period, as determined in accordance with GAAP.

"Interest Rate Agreement" means any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement or other similar agreement or arrangement designed to protect Borrower or any of its Subsidiaries against fluctuations in interest rates.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended to the date hereof and from time to time hereafter.

"Investment" means (a) any direct or indirect purchase or other acquisition by Borrower or any of its Subsidiaries of, or of a beneficial interest in, stock or other Securities of any other Person, or (b) any direct or indirect loan, advance (other than advances to employees for moving, entertainment and travel expenses, drawing accounts and similar expenditures in the ordinary course of business) or capital contribution by Borrower or any of its Subsidiaries to any other Person other than a wholly owned Subsidiary of Borrower including all indebtedness and accounts receivable acquired from that other Person that are not current assets or did not arise from sales to that other Person in the ordinary course of business; provided, however, that the term "Investment" shall not include, without limitation (i) trade and customer accounts receivable for goods furnished or services rendered in the ordinary course of business and payable in accordance with customary trade terms, (ii) advances and prepayments to suppliers for goods and services in the ordinary course of business, (iii) stock or other securities acquired in connection with the satisfaction or enforcement of Indebtedness or claims due or owing to Borrower or any of its Subsidiaries or as security for any such Indebtedness or claims, (iv) cash held in any deposit account with Lender and (v) shares in a mutual fund that invests solely in the investments permitted in the exceptions set forth in Section 7.6.

"Investor Group" means the Management Group and the Sponsor Group.

"Lender" means U.S. Bank National Association, together with its successors and assigns.

"Lien" means any lien, mortgage, pledge, assignment, security interest, charge, or any encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof, and any agreement to give any security interest) and any option, trust, or other preferential arrangement having the practical effect of any of the foregoing.

"Liquor License Subsidiaries" means Subsidiaries of Borrower that were formed to hold a liquor license and whose sole asset is a liquor license and include the following: Red Robin of Baltimore County, Inc., a Maryland corporation, Red Robin of Anne Arundel County, Inc., a Maryland corporation, and Red Robin of Montgomery County, Inc. a Maryland corporation.

"Loan" or "Loans" means one or more of the Revolving Credit Loans and any other loan made by Lender to Borrower under or pursuant to this Agreement or any combination thereof.

"Loan Documents" means this Agreement, the Notes, the Security Agreement, the Subsidiary Security Agreement, the Deeds of Trust, the Guaranties, any Interest Rate Agreements entered into between Borrower or any Loan Party and Lender and all other

agreements, instruments, and documents arising out of this Agreement, or the Loans, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Loan Parties" means Parent, Borrower, and each Subsidiary of Borrower (other than Inactive Subsidiaries and Liquor License Subsidiaries).

"Management Group" means the Management Holder and their Related Parties.

"Management Holder" means Snyder or any Person over which Snyder, directly or indirectly, exercises voting control, including, without limitation, the right to direct the management and policies of such Person and the right to elect a majority of the Board of Directors or similar governing authority for

such Person.

"Material Adverse Effect" means (i) a material adverse effect upon the business operations, properties, assets, or condition (financial or otherwise) of Borrower and its Subsidiaries, taken as a whole, (ii) the material impairment of the ability of the Borrower to perform the Obligations, or (iii) the material impairment of the material rights or remedies of, or benefits to Lender under any Loan Document.

"Notes" means one or more of the Revolving Credit Note or any other promissory note evidencing a Loan or any combination thereof.

"Notice of Borrowing" means a notice delivered by Borrower to Lender pursuant to Section 4.1 with respect to a proposed borrowing.

"Obligations" means all obligations of every nature of Borrower from time to time owed to Lender under this Agreement, the Notes, and the other Loan Documents, whether for principal, interest, reimbursement of fees, expenses, indemnification or otherwise.

"Operating Lease" means, as applied to any Person, any lease (including, without limitation, leases that may be terminated by the lessee at any time) of any property (whether real, personal or mixed) that is not a Capital Lease other than any such lease under which that Person is the lessor.

"Parent" means Red Robin Gourmet Burgers, Inc., a Delaware corporation.

"PBGC" means the Pension Benefit Guaranty Corporation (or any successor thereto).

"Permitted Encumbrances" means the following types of Liens:

(a) liens for taxes, assessments or governmental charges or claims payment of which is not, at the time, required by Section 6.4;

(b) statutory liens of carriers, warehousemen mechanics and materialmen and other liens imposed by law (other than any Lien imposed pursuant to Section 401(a)(29) or 412(n) of the Internal Revenue Code or by ERISA) incurred in the ordinary course of

business for sums not yet delinquent or being contested in good faith, if such reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor;

(c) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, trade contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(d) any attachment or judgment Lien not constituting an Event of Default under subsection 9.1(i);

(e) leases or subleases granted to others not interfering in any material respect with the ordinary conduct of the business of Borrower or any of its Subsidiaries;

(f) easements, rights-of-way, restrictions, minor defects, encroachments or irregularities in title and other similar charges or encumbrances not interfering in any material respect with the ordinary conduct of the business of Borrower or any of its Subsidiaries;

(g) any (i) interest or title of a lessor or sublessor under any Capital Lease or any Operating Lease not prohibited by this Agreement, (ii) restriction or encumbrance that the interest or title of such lessor or sublessor may be subject to, or (iii) subordination of the interest of the lessee or sublessee under such lease to any restriction or encumbrance referred to in the preceding clause (ii);

(h) Liens arising from Capital Leases and purchase money security interests permitted by this Agreement; provided such liens attach only to the property purchased or leased in connection with such purchase money financing or Capital Lease transaction;

(i) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(j) deposits in the ordinary course of business to secure liabilities to insurance carriers, lessors, utilities and other service providers;

(k) Liens granted pursuant to this Agreement or the other Loan Documents;

(l) Statutory liens of landlords incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith, if such reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor;

(m) Liens listed on Schedule 7.4 attached hereto; and

(n) Liens required to be granted under the Finova Loan Agreement; provided that such Liens do not encumber any of the Collateral.

"Permitted Prior Liens" means the Liens described in clauses (a), (b), (c), (f), (g), (h), (i), and (j) of the definition of Permitted Encumbrances subject to the limitations or requirements set forth therein.

"Person" means any individual, partnership, joint venture, firm, corporation, association, trust, or other enterprise or any Governmental Body.

"Plan" means an employee pension benefit plan that is covered by Title IV of ERISA or subject to the minimum funding standards under Section 302 of ERISA or Section 412 of the Internal Revenue Code and is either (a) maintained by Borrower or any ERISA Affiliate for employees of Borrower or any ERISA Affiliate or (b) maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which Borrower or any ERISA Affiliate is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

"Qualifying IPO" means an underwritten primary public offering (other than a public offering pursuant to the registration statement on Form S-8 (or any successor form)) of the common capital stock of Parent pursuant to an effective registration statement filed with the United States Securities & Exchange Commission in accordance with the Securities Act of 1933, as amended from time to time, and any successor statute (whether alone or in conjunction with a secondary public offering).

"RR Investors" means RR Investors, LLC, a Virginia limited liability company.

"RR Investors II" means RR Investors II, LLC, a Virginia limited liability company.

"Related Parties means (i) any spouse or immediate family member of Snyder, (ii) any trust set up for the benefit of Snyder or any of the Persons specified in clause (i), or (iii) any corporation or limited liability company wholly owned by a Management Holder and/or the Persons specified in clause (i) and (ii).

"Release" means any release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Materials into the indoor or outdoor environment (including, without limitation, the abandonment or disposal of any barrels, containers or other closed receptacles containing any Hazardous Materials), or into or out of any Facility, including the movement of any Hazardous Material through the air, soil, surface water, groundwater or property.

"Restaurants" means the restaurants and properties listed on Schedule 1.1.

"Revolving Credit Commitment" means the commitment of the Lender to make Revolving Credit Loans to Borrower in the aggregate amount of up to $10,000,000 pursuant to Section 2.1.

"Revolving Credit Commitment Period" means the period from and including the Closing Date to, but not including, the Revolving Credit Commitment Termination Date.

"Revolving Credit Commitment Termination Date" means March 31, 2003, or such earlier date as the Revolving Credit Commitment terminates.

"Revolving Credit Loans" means the Loans made by Lender pursuant to Section 2.1.

"Revolving Credit Note" means the promissory note of Borrower issued pursuant to Section 2.3 on the Closing Date, in substantially in the form described in Section 2.3, as it may be amended, supplemented, or otherwise modified from time to time.

"Securities" means any stock, shares, partnership interests, voting trust certificates, certificates of interest or participation in any profit-sharing agreement or arrangement, options, warrants, bonds, debentures, notes, or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire, any of the foregoing.

"Security Agreement" means that certain security agreement by and between Borrower and Lender dated as of the date hereof and delivered to Lender pursuant to subsection 5.1(c) hereof, as such security agreement may be amended, restated, supplemented or otherwise modified from time to time.

"Shareholders Agreement" means that certain amended and restated shareholders agreement dated as of August 9, 2001 by and among Parent, Borrower, Skylark Company, Ltd., a Japan corporation, RR Investors, RR Investors II, Snyder and certain other shareholders.

"Snyder" means Michael J. Snyder, an individual.

"Solvent" means, with respect to any Person, that as of the date of determination both (a)(i) the then fair value of the property of such Person is (y) greater than the total amount of liabilities (including contingent liabilities) of such Person and (z) not less than the amount that will be required to pay the probable liabilities on such Person's then existing debts as they become absolute and matured considering all financing alternatives and potential asset sales reasonably available to such Person; (ii) such Person's capital is not unreasonably small in relation to its business or any contemplated or undertaken transaction; and (iii) such Person does not intend to incur, or believe (nor should it reasonably believe) that it will incur, debts beyond its ability to pay such debts as they become due; and (b) such Person is "solvent" within the meaning given that term and similar terms under applicable laws relating to fraudulent transfers and conveyances. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Sponsor Group" means RR Investors, RR Investors II and any of their respective Affiliates.

"Subordinated Debt" means all Indebtedness of the Borrower that is subordinate and junior in right of payment to all of the Obligations pursuant to a subordination agreement in form and substance acceptable to Lender.

"Subsidiary" means, with respect to any Person, any corporation, partnership, association, joint venture or other business entity of which more than fifty percent (50%) of the total voting power of shares of stock or other ownership interests entitled (without regard to the occurrence of any contingency) to vote in the election of the Person or Persons (whether directors, managers, trustees or other Persons performing similar functions) having the power to direct or cause the direction of the management and policies thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof.

"Subsidiary Security Agreement" means all security agreements now or hereafter executed by a Subsidiary of Borrower in accordance with the terms hereof, as each such security agreement may be amended, restate or otherwise supplemented from time to time.

"Tangible Net Worth" means Parent's Consolidated net worth determined in accordance with GAAP, plus, to the extent deducted from total assets in determining Consolidated net worth, deferred rent liability, less the sum of (a) the amount of all deferred charges, deferred loan fees, and net deferred tax assets; (b) all intangible assets, including, but not limited to, goodwill, licenses, franchises, work force intangibles, trademarks, trade names, service marks, patents and copyrights; (c) unamortized debt discount and expense; (d) the cost of capital stock of an Affiliate; (e) any Indebtedness owing to Parent or any Subsidiary by an Affiliate thereof, unless such Indebtedness arose in connection with the sale or lease of goods or property in the ordinary course of business or the performance of services in the ordinary course of business and would otherwise constitute current assets in accordance with generally accepted accounting principles; and (f) the amount of any write-up in book value of the assets of Parent and/or its Subsidiaries resulting from any revaluation of assets.

"Tax" means for any Person, any tax, assessment, duty, levy, or other charge imposed by any Governmental Body on such Person or on any property,

revenue, income, or franchise of such Person and any interest or penalty with respect to any of the foregoing.

"UCC" means the Uniform Commercial Code as in effect from time to time in the state of Washington.

"Unfunded Capital Expenditures" means the sum of all purchases of capital assets or acquisitions of other companies, including goodwill, less (a) the sum of all new financing amounts received or assumed to acquire capital assets or acquisitions of other companies for the period specified, including Revolving Credit Loans, (b) for purposes of measuring the Fixed Charge Coverage for the Fiscal Quarters ending in calendar year 2002, the sum of

$18,500,000, which represents Borrower's cash balances at its Fiscal Year ending December 30, 2001, and (c) net cash proceeds received by Borrower from the sale of assets permitted under Section 7.7 herein.

1.2 Accounting Terms

Except as otherwise expressly provided in this Agreement, all accounting terms not otherwise defined herein shall have the meanings assigned to them in conformity with GAAP. Financial statements and other information required to be delivered by Borrower to Lender pursuant to subsections (a), (b) and (c) of Section 6.1 shall be prepared in accordance with GAAP (except, with respect to interim financial statements, normal year-end audit adjustments and the absence of explanatory footnotes) as in effect at the time of such preparation. Calculations in connection with the definitions, covenants, and other provisions of this Agreement shall utilize accounting principles and policies in conformance with those used to prepare the financial statements referred to in Section 8.10.

1.3 Rules of Construction

Unless the context otherwise requires, the following rules of construction apply to the Loan Documents:

(a) Words in the singular include the plural and in the plural include the singular.

(b) Provisions of the Loan Documents apply to successive events and transactions.

(c) In the event of any inconsistency between the provisions of this Agreement and the provisions of any of the other Loan Documents, the provisions of this Agreement govern.

(d) References to "Sections" and "subsections" shall be to Sections and subsections, respectively, of this Agreement unless otherwise specifically provided.

1.4 Incorporation of Recitals and Exhibits

The foregoing recitals are incorporated into this Agreement by reference. All references to "Exhibits" contained herein are references to exhibits attached hereto, the terms and conditions of which are made a part hereof for all purposes.

ARTICLE 2. REVOLVING CREDIT FACILITY

2.1 Revolving Credit Commitment

(a) Subject to and upon the terms and conditions set forth herein, and in reliance upon the representations, warranties and covenants of Borrower contained herein or made pursuant hereto, Lender agrees to make loans (individually, a "Revolving Credit Loan"; collectively, the "Revolving Credit Loans") to Borrower from time to time during the

Revolving Credit Commitment Period, in an aggregate amount not exceeding its Revolving Credit Commitment to be used for the purposes identified in Section 2.2. Lender's Revolving Credit Commitment shall expire on the Revolving Credit Commitment Termination Date and all Revolving Credit Loans and all other amounts owed hereunder with respect to the Revolving Credit Loans and the Revolving Credit Commitment shall be paid in full no later than that date. Amounts borrowed under Section 2.1 may be repaid and reborrowed until but excluding the Revolving Credit Commitment Termination Date.

(b) During the Revolving Credit Commitment Period Borrower may use the

Revolving Credit Commitment by borrowing, prepaying the Revolving Credit Loans in whole or in part, and reborrowing all in accordance to the terms and conditions hereof.

(c) Notwithstanding the foregoing, unless and until the conditions set forth in Section 5.3 herein are satisfied in Lender's discretion, no more than $7,800,000 in Revolving Credit Loans shall be outstanding at any time.

2.2 Use of Proceeds

Borrower may use the proceeds of the Revolving Credit Loans for construction and or acquisition of new restaurants and for its general corporate purposes, including working capital.

2.3 Revolving Credit Note

The Revolving Credit Loans to be made by Lender pursuant to its Revolving Loan Commitment shall be evidenced by and repayable with interest in accordance with a promissory note in the form of Exhibit A hereto, payable to the order of Lender dated as of the date hereof and in the principal amount of Lender's Revolving Credit Commitment (the "Revolving Credit Note").

2.4 Rate of Interest

Interest on each Revolving Credit Loan shall accrue at an annual rate equal to 3.0% plus the one-month LIBOR rate quoted by Lender from Telerate Page 3750 or any successor thereto, which shall be that one-month LIBOR rate in effect and reset each New York banking day. Lender's internal records of applicable interest rates shall be determinative in the absence of manifest error. For determining payment dates for LIBOR rate loans, the New York banking day shall be the standard convention. In the event after the date of initial funding any governmental authority subjects Lender to any new or additional charge, fee, withholding or tax of any kind with respect to any Revolving Credit Loans hereunder or changes the method of taxation of such Revolving Credit Loans or changes the reserve or deposit requirements applicable to such Revolving Credit Loans, Borrower shall pay to Lender such additional amounts as will compensate the Lender for such costs or lost income resulting therefrom as reasonably determined by Lender.

2.5 Payment of Interest

Until the Revolving Credit Loans shall have been paid in full, Borrower shall pay monthly in arrears to Lender an amount equal to all accrued interest on the Revolving Credit Loans (a) on the 15th day of each calendar month, commencing on the 15th day of the first month following the making of the Revolving Credit Loan, and on the 15th day of each month thereafter, and (b) on the Revolving Credit Commitment Termination Date.

2.6 Repayment of Principal and Termination of Revolving Credit Commitment

(a) Borrower shall pay Lender all outstanding principal, accrued interest, and other charges with respect to the Revolving Credit Loans on the Revolving Credit Commitment Termination Date. The Revolving Credit Commitment of Lender shall automatically and permanently terminate on the Revolving Credit Commitment Termination Date.

(b) Borrower shall, on each date when any reduction in the Revolving Credit Commitment (as reduced from time to time) shall become effective, including pursuant to Section 9.2, make a mandatory prepayment of all Revolving Credit Loans equal to the excess, if any, of the aggregate outstanding principal amount of all Revolving Credit Loans over the Revolving Credit Commitment as so reduced.

(c) If, at any time, the aggregate outstanding principal amount of all Revolving Credit Loans exceeds the aggregate amount of the Revolving Credit Commitment then in effect, the Borrower shall immediately make a mandatory prepayment of all Revolving Credit Loans equal to the amount of such excess.

(d) Borrower may from time to time on any Business Day voluntarily reduce the amount of the Revolving Credit Commitment; provided, however, that (i) all such reductions shall require at least five Business Days' notice to Lender and be permanent and irrevocable (ii) there may not be more than one reduction in any calendar quarter, and (iii) any partial reduction of the Revolving Credit Commitment shall be in the minimum amount of $1,000,000 and in an integral multiple of $1,000,000 thereafter.

2.7 Revolving Credit Commitment Fee

Borrower shall pay Lender a nonrefundable fee for the Revolving Credit Commitment in the amount of $150,000, concurrently with the execution of this Agreement.

2.8 Cleanup Period

In the event a Qualifying IPO occurs, Borrower shall reduce the outstanding principal balance of the Revolving Credit Loans to $0 for a period of 60 consecutive days, such 60-day period to commence no later than 30 days after the date the Qualifying IPO occurs.

ARTICLE 3. [RESERVED]

ARTICLE 4. GENERAL PROVISIONS APPLICABLE TO THE LOANS

4.1 Borrowing Mechanics

(a) Whenever Borrower desires that Lender make a Loan it shall deliver to Lender a Notice of Borrowing in the form of Exhibit B annexed hereto no later than 2:00 p.m. (Seattle time) on the proposed Funding Date. The Notice of Borrowing shall specify (i) the proposed Funding Date (which shall be a Business Day), and (ii) the amount of Loans requested. In lieu of delivering the above-described Notice of Borrowing, Borrower may give Lender telephonic notice by the required time of any proposed borrowing under this Section 4.1; provided, that such notice shall be promptly confirmed in writing by delivery of a Notice of Borrowing to Lender on or before the applicable Funding Date; provided further, that if Borrower maintains a loan sweep service connected to an account of Lender that provides for advances under the Revolving Credit Commitment, then a Notice of Borrowing is not required for Revolving Credit Loans.

(b) Lender shall not incur any liability to Borrower in acting upon any telephonic notice referred to above that Lender believes in good faith to have been given by a duly authorized officer or other person authorized to borrow on behalf of Borrower or for otherwise acting in good faith under this Section 4.1, and upon funding of Loans by Lender in accordance with this Agreement pursuant to any such telephonic notice, Borrower shall have effected Loans hereunder.

(c) Borrower shall notify Lender prior to the funding of any Loans in the event that any of the matters to which Borrower is required to certify in the applicable Notice of Borrowing is no longer true and correct as of the applicable Funding Date, and the acceptance by Borrower of the proceeds of any Loans shall constitute a re-certification by Borrower, as of the applicable Funding Date, as to the matters to which Borrower is required to certify in the applicable Notice of Borrowing.

4.2 Disbursement of Funds

Upon satisfaction or waiver of the conditions precedent specified in Sections 5.1 (in the case of Loans made on the Closing Date) and 5.2 (in the case of all Loans), Lender shall make the proceeds of such Loans available to Borrower on the applicable Funding Date by causing an amount of same day funds equal to the proceeds of all such Loans to be credited to the account of Borrower at the office of Lender located at 1420 Fifth Avenue, 11th Floor, Seattle, Washington 98101; provided that Borrower hereby authorizes Lender to disburse Loan proceeds directly to Lawyers Title of Arizona, Inc. in Phoenix, Arizona in escrow for acquisition of two of the Fee Properties.

4.3 [Reserved]

4.4 Manner of Payment

All sums payable to Lender pursuant to this Agreement shall be paid directly to Lender in immediately available United States funds. Borrower authorizes Lender to debit any of Borrower's accounts maintained at Lender to make all payments due under this Agreement, the Notes, and the other Loan Documents. Whenever any payment to be made hereunder or on any of the Notes becomes due and payable on a day other than a Business Day, such payment may be made on the next succeeding Business Day and such extension of time shall in such case be included in computing interest on such payment. For determining payment dates for LIBOR rate loans, the New York banking day shall be the standard convention.

4.5 Statements

Lender shall send Borrower statements of all amounts due hereunder; the statements shall be considered presumptively correct, absent manifest error, unless Borrower notifies Lender to the contrary within thirty (30) days of receipt of any statement that Borrower claims to be incorrect. Borrower agrees that accounting entries made by Lender with respect to Borrower's loan accounts shall constitute evidence of all disbursements of Loan proceeds and payments

made on the Loans. Without limiting the methods by which Lender may otherwise be entitled by Applicable Law to make demand for payment of the Loans upon Borrower, Borrower agrees that any statement, invoice, or payment notice from Lender to Borrower with respect to any Obligation shall be deemed to be a demand for payment in accordance with the terms of such statement, invoice, or payment notice. Under no circumstances shall a demand by Lender for partial payment of principal or interest or both be construed as a waiver by Lender of its right thereafter to demand and receive payment (in part or in full) of any remaining principal or interest obligation.

4.6 Computations of Interest and Fees

Except as otherwise expressly provided herein, all computations of interest and fees shall be based on a 360-day year for the actual number of days elapsed.

4.7 Default Interest

Upon the occurrence and during the continuance of any Event of Default, Lender may, in its sole discretion, increase the interest rate charged on all Loans to a rate of interest equal to four percent (4%) per annum in excess of the interest rate then applicable to such Loan from the date of such Event of Default until such Event of Default is cured, if curable, or waived by Lender or until the Loans are paid in full and the Commitments have terminated.

4.8 Late Charge

If any payment of principal or interest required under any Loan is fifteen (15) days or more past due, Borrower will be charged a late charge of five percent (5%) of the delinquent payment for each such late payment. The 15-day period provided for herein shall not be construed as a waiver of any Default or Event of Default resulting from any late payment under any Loan.

4.9 Maximum Interest Rate

Notwithstanding any provision contained herein or in the Notes, the total liability of Borrower for payment of interest pursuant hereto, including late charges, shall not exceed the maximum amount of interest permitted by Applicable Law to be charged, collected, or received from Borrower; and if any payments by Borrower include interest in excess of that maximum amount, Lender shall apply the excess first to reduce the unpaid balance of the Loans, then the excess, if any, shall be returned to Borrower.

4.10 Prepayments

Borrower may prepay all or any portion of the Revolving Credit Loans without penalty or premium.

4.11 Increased Costs, Etc.

In the event after the date of initial funding of any Loan any Governmental Body subjects Bank to any new or additional charge, fee, withholding or tax of any kind with respect to any Loans hereunder or changes the method of taxation of such Loans or changes the reserve or deposit requirements applicable to such loans, Borrower shall pay to Lender such additional amounts as will compensate Lender for such cost or lost income resulting therefrom as reasonably determined by Lender.

4.12 Taxes

(a) All payments by Borrower of principal of, and interest on, the Loans and all other amounts payable hereunder shall be made free and clear of and without deduction for any present or future income, stamp or other taxes, fees, duties, deductions, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding franchise taxes and taxes imposed on or measured by Lender's net income or receipts, such as the business and occupation tax, if any, imposed by the State of Washington (such nonexcluded items being called "Taxes"). In the event that any withholding or deduction from any payment to be made by Borrower hereunder is required in respect of any Taxes pursuant to any applicable law, rule or regulation, then the Borrower will

(i) pay directly to the relevant authority the full amount required to be so withheld or deducted,

(ii) promptly forward to the Lender an official receipt, a true and complete copy thereof or other documentation satisfactory to the Lender evidencing such payment to such authority, and

(iii) pay to the Lender or the holders of the Notes such additional amount or amounts as is necessary to ensure that the net amount actually received by Lender or holder of each Note will equal the full amount Lender or such holder would have received had no such withholding or deduction been required.

Moreover, if any Taxes are directly asserted against the Lender with respect to any payment received by the Lender hereunder, the Lender may pay such Taxes and Borrower will promptly pay such additional amounts (including any penalties, interest or expenses (collectively, "Penalties"); provided, however, that Borrower shall not be responsible for the payment or reimbursement of any such item to the extent such item is due to the action or inaction of the Lender) as is necessary in order that the net amount received by such Person after the payment of such Taxes (including any Taxes on such additional amount) shall equal the amount such Person would have received had not such Taxes been asserted. Lender agrees that in the event any refunds or rebates of any Taxes paid by Borrower for the account of such Lender are received by such Lender (collectively "Refunds") or Borrower shall pay any amount as Taxes for the account of Lender which is later determined not to constitute Taxes (collectively "Overpayments"), the Lender shall promptly pay all Refunds and Overpayments to Borrower. Further, Lender agrees to notify Borrower promptly of any Refunds or Overpayments of which it becomes aware. Lender shall cooperate reasonably with Borrower's inquiries regarding possible Refunds and Overpayments (but in no event shall Lender be required to take any action which is inconsistent with its internal policies or which would otherwise be adverse to Lender).

(b) If the Borrower fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Lender the required receipts or other required documentary evidence, the Borrower shall indemnify the Lender for any incremental Taxes or Penalties that may become payable by Lender as a result of any such failure.

4.13 Collateral

(a) As security for repayment of all of the Loans and all other Obligations, Borrower shall grant to Lender a first and exclusive Lien, subject only to the Permitted Prior Liens (i) in all of its equipment, fixtures, furnishings and wares now owned or hereafter located at the Restaurants, and proceeds thereof; and (ii) on its fee interest in the real property legally described on Schedule 4.13 ("Fee Property"), together with all improvements and fixtures now owned or hereafter used or acquired by Borrower in the ownership, operation or maintenance of the Fee Property and the restaurant located or to be located thereon.

(b) In the event a Qualifying IPO does not occur by June 30, 2002, Borrower shall grant to Lender a first and exclusive lien on its fee or leasehold interest, as the case may

be, subject only to the Permitted Prior Liens in the various parcels of real property on which the Restaurants are located and, in connection therewith:

(i) Lender shall review and approve title to the Restaurant's premises and approve any lease of said premises. As to each lease of the Restaurant's premises, Lender may require in its discretion, without limitation, that:

(1) Borrower shall be the owner and holder of the lessee's interest, free and clear of any Liens, except for the Permitted Prior Liens.

(2) The landlord shall own the fee interest in the leased premises free and clear of any Liens, provided, that if any Liens exist the holder or holders thereof shall execute and deliver to Lender such consent and estoppel instruments as Lender may reasonably require; and further provided, that any underlying leases be approved by Lender in its reasonable discretion and the holder or holders of the lessor's interest in any such lease shall execute and deliver to Lender such consent and estoppel instruments as Lender may require in its discretion;

(ii) Lender shall receive a Deed of Trust encumbering Borrower's interest in the Restaurant's premises and such Deed of Trust, shall be recorded or perfected in the manner required by state and local law to establish a valid first priority Lien, superior to the rights of any third party or any subsequent lienholder, except for the Permitted Prior Liens;

(iii) Each such Deed of Trust against a Restaurant shall be insured by a title insurance policy acceptable in form and substance to Lender issued by a title insurance company of Lender's choice in an amount and with such endorsements as Lender deems appropriate in its sole discretion;

(iv) Lender shall be granted, by instruments satisfactory to Lender, a perfected first priority security interest (except for the Permitted Prior Liens) in all furniture, furnishings, equipment, and leasehold improvements located at the Restaurant;

(v) Borrower shall execute such other documents as Lender may reasonably require, such as an agreement supplementing this Agreement with terms and conditions with specific application to the Restaurant.

(vi) Lender may require in its discretion that it receive a legal opinion of Borrower's counsel with respect to each Deed of Trust covering a Restaurant addressing such matters as Lender may require;

(vii) Lender shall have received insurance certificates and lender loss payable endorsements in forms satisfactory to Lender to the effect set forth in Section 6.5 with respect to the Restaurant;

(viii) Lender shall have received an environmental questionnaire satisfactory to Lender, together with the results of any additional environmental testing required by Lender satisfactory to Lender with respect to such Restaurant, and a certificate and indemnity regarding hazardous substances in form and substance satisfactory to Lender with respect to each such Restaurant; and

(ix) Lender shall have received a questionnaire and disclosure statement regarding compliance by such Restaurant with the Americans with Disabilities Act of 1990, all state and local laws or ordinances relating to handicapped access or any statute, law, regulation, ordinances, or order of Governmental Bodies or order of decree of any court adopted or enacted with respect thereto in a form satisfactory to Lender, together with a certificate of compliance and indemnity regarding access laws in form and substance satisfactory to Lender with respect to each such Restaurant.

(c) Lender acknowledges that, with respect to taking leasehold mortgages against Borrower's leasehold interests in certain of the real property on which Restaurants are located ("Leased Sites"), the lease with respect to such a Leased Site may require the consent of the landlord to a leasehold mortgage and that the landlord may not be obligated to give such consent under the terms of the lease. In such a case, Borrower shall exercise its reasonable best efforts to obtain the requisite landlord consent and shall inform Lender in writing of its efforts to obtain such consent and the landlord's responses. If, after consultation with Borrower, Lender determines, in its sole discretion, that Borrower has exercised its best efforts to obtain such consent and that such consent is not obtainable from such landlord, then a leasehold mortgage on such Leased Site shall not be required. In the event seven or more leasehold mortgages on Leased Sites are not obtained by October 31, 2002 and a Qualifying IPO has not occurred, then Lender may declare an Event of Default hereunder.

4.14 Application of Payments

All payments (other than voluntary prepayments) made by Borrower hereunder shall be credited, to the extent of the amount thereof, in the following manner: (i) first, against fees, expenses, and indemnities due hereunder; (ii) second, against accrued interest on all amounts in default; (iii) third, against accrued interest on the Loans not in default; and (iv) fourth, against principal of Loans; provided, however, that if an Event of Default has occurred and is continuing at the time of such payment, then Lender shall be entitled to apply the payment in the manner it shall deem appropriate.

ARTICLE 5. CONDITIONS PRECEDENT

5.1 Conditions Precedent for Initial Loans

The obligation of Lender to make a Loan hereunder on the Closing Date is subject to the satisfaction, or waiver by Lender, immediately prior to or concurrently with the making of such Loan, of the following conditions precedent:

(a) The Lender shall have received counterparts of this Agreement, duly executed by the respective parties hereto.

(b) Lender shall have received the Revolving Credit Note, duly executed and delivered by Borrower.

(c) Lender shall have received, duly executed and delivered by Borrower, a security agreement ("Security Agreement") in the form attached hereto as Exhibit

C, granting to Lender a first priority security interest in all of Borrower's equipment, fixtures, furnishings, wares, and fixtures, located at, the Restaurants, now owned or hereafter acquired, together with the proceeds thereof.

(d) Lender shall have received, duly executed and delivered by Parent and each Subsidiary (other than Inactive Subsidiaries and the Liquor License Subsidiaries), an unconditional guaranty in the form attached hereto as Exhibit D (for Parent) and in the form attached hereto as Exhibit D-1 (for each such Subsidiary), whereby Parent and each such Subsidiary jointly, severally, and unconditionally guarantees payment of the Obligations.

(e) Lender shall have received, duly executed and delivered by Western Franchise Development, Inc., a subsidiary security agreement in the form attached hereto as Exhibit E, granting to Lender a first priority security interest in all of such Loan Party's equipment, fixtures, furnishings, wares, fixtures, located at the Restaurants, now owned or hereafter acquired, together with the proceeds thereof.

(f) Lender shall have received a landlord waiver from each landlord of each leased Restaurant in form and substance reasonably acceptable to Lender.

(g) Lender shall have received, duly executed and delivered by Borrower, such financing statements and other documents reasonably deemed necessary by Lender to perfect the security interests granted to Lender.

(h) Lender shall have received from counsel for Borrower, opinions addressed to Lender and each dated as of the Closing Date, substantially in the form attached hereto as Exhibit F.

(i) No Default or Event of Default hereunder shall exist, and after having given effect to the requested Loan, no Default or Event of Default shall exist.

(j) All representations and warranties of any of the Loan Parties contained in any of the Loan Documents or otherwise made in writing to Lender in connection herewith shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date of the initial Loan.

(k) All corporate proceedings of each Loan Party shall be satisfactory in form and substance to Lender, and Lender shall have received all information and copies of all documents, including records of all corporate proceedings, that Lender has requested in

connection therewith, such documents where appropriate to be certified by proper corporate authorities or Governmental Bodies. Borrower shall provide Lender with the following documents prior to or upon the execution of this Agreement:

(i) Copies of the articles of incorporation and bylaws of each Loan Party, together with all amendments thereto, certified by an officer of such Loan Party to be true and complete;

(ii) Certificates of authority for each Loan Party in the state of its formation and in each state where any of the Collateral owned by such Loan Party is located dated within thirty (30) days of the date of the execution of this Agreement; and

(iii) Certified resolutions of the directors of each Loan Party and incumbency certificates in the form and substance acceptable to Lender.

(l) Lender shall have received such evidence reasonably deemed necessary by Lender that Lender's security interests in the Collateral constitute first priority and exclusive security interests, except for the Permitted Prior Liens.

(m) All Indebtedness of Borrower (other than the existing Indebtedness identified in Schedule 5.1(m) annexed hereto) shall have been paid in full, redeemed or defeased, or purchased by Lender, any commitments to lend thereunder shall have been terminated, all security interests created to secure the obligations arising in connection therewith shall have been terminated or effectively assigned to Lender, and Borrower shall have delivered to Lender UCC-3 termination statements or assignments (or comparable forms) and any and all other instruments of release, satisfaction, assignment and/or reconveyance (or evidence of the filing thereof) as reasonably may be necessary or advisable to terminate or assign to Lender all of such security interests and all other security interests in the Collateral.

(n) Borrower shall obtain all consents deemed by Lender to be necessary or advisable in connection with the transactions contemplated by the Loan Documents and in the continued operation of the business conducted by Borrower, including without limitation consent from the lenders with respect to the Finova Debt, and each consent shall be in full force and effect and in form and substance

reasonably satisfactory to Lender.

(o) Lender shall have received a Notice of Borrowing from Borrower for the initial Loan.

(p) Lender shall have received insurance certificates and lender loss payable endorsements on casualty/property loss insurance in forms reasonably satisfactory to Lender to the effect set forth in Section 6.5 hereof.

(q) There shall have been no material adverse change in the financial condition of Borrower subsequent to December 30, 2001.

(r) Lender shall have received the loan fees as provided in Section 2.7.

(s) Lender shall have received payment of all fees and expenses in accordance with Section 10.2

(t) Lender shall have received a Deed of Trust encumbering Borrower's interest in the Fee Property located in Prescott, Arizona and such Deed of Trust shall have been recorded or perfected in the manner required by state and local law to establish a valid first priority Lien, superior to the rights of any third party or any subsequent lienholder except for the Liens described in clauses (a) and (f) of the definition of Permitted Encumbrances and except as otherwise approved by Lender in writing.

(u) The Deed of Trust against the Fee Property located in Prescott, Arizona shall be insured by a title insurance policy acceptable in form and substance to Lender issued by a title insurance company of Lender's choice in an amount and with such endorsements as Lender deems appropriate in its sole discretion.

(v) Lender shall have received a certificate and indemnity regarding hazardous substances in form and substance satisfactory to Lender with respect to the Fee Property located in Prescott, Arizona.

(w) Lender shall have received copies of all permits required for construction of the Restaurant on the Fee Property located in Prescott, Arizona.

5.2 Conditions Precedent to All Loans, Etc.

The obligation of Lender to make any Loan, is subject to the fulfillment, to the satisfaction of Lender, of the following conditions precedent on the date such Loan is made:

(a) The conditions set forth in Section 5.1 shall have been previously satisfied or waived in writing by Lender, and Lender shall have received evidence reasonably satisfactory to Lender of satisfaction thereof.

(b) Lender shall have received for each requested Loan, a Notice of Borrowing in form and substance reasonably satisfactory to Lender.

(c) There shall be executed and delivered to Lender such further instruments, agreements, opinions, and documents, as may be reasonably necessary or proper in the reasonable opinion of Lender to confirm the obligations of Borrower to Lender hereunder, the grant of security therefor, and the proper use of the proceeds of all Loans.

(d) The representations and warranties contained herein and in the other Loan Documents shall be true, correct and complete in all material respects on and as of the Funding Date to the same extent as though made on and as of that date, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true, correct and complete in all material respects on and as of such earlier date.

(e) No Default or Event of Default shall have occurred and be continuing and after having given effect to the requested Loan, no Default or Event of Default shall exist.

(f) To the extent not previously delivered, all other documents, agreements, and instruments from or with respect to Borrower or any other Person that may be called for hereunder shall be duly executed and delivered to Lender, including but not limited to all documents, agreements, and instruments reasonably deemed necessary by Lender to perfect its security interest in Collateral acquired after the date of this Agreement. For the purposes of this Agreement, the waiver of delivery of any document, agreement, or instrument from or with respect to Borrower or any other Person does not constitute a continuing waiver with respect to the obligation to fulfill the conditions precedent to the

making or renewal of each Loan hereunder.

(g) There shall have been no material adverse change in the financial condition of Borrower and its Subsidiaries subsequent to December 30, 2001.

(h) Borrower and each Loan Party is Solvent.

5.3 Conditions for Removal of Limitation on Revolving Credit Loans.

The limitation on Revolving Credit Loans set forth in subsection 2.1(c) herein shall be of no further force or effect upon written notice from Lender to Borrower that the following conditions precedent have been satisfied in Lender's sole discretion:

(a) The conditions set forth in Sections 5.1 and 5.2 shall have been previously satisfied or waived in writing by Lender, and Lender shall have received evidence reasonably satisfactory to Lender of satisfaction thereof.

(b) Lender shall have received a Deed of Trust encumbering Borrower's interest in the Fee Property located in Peoria, Arizona and such Deed of Trust shall have been recorded or perfected in the manner required by state and local law to establish a valid first priority Lien, superior to the rights of any third party or any subsequent lienholder except for the Liens described in clauses (a) and (f) of the definition of Permitted Encumbrances and except as otherwise approved by Lender in writing.

(c) The Deed of Trust against the Fee Property located in Peoria, Arizona shall be insured by a title insurance policy acceptable in form and substance to Lender issued by a title insurance company of Lender's choice in an amount and with such endorsements as Lender deems appropriate in its sole discretion.

(d) Lender shall have received a certificate and indemnity regarding hazardous substances in form and substance satisfactory to Lender with respect to the Fee Property located in Peoria, Arizona.

(e) Lender shall have received copies of all permits required for construction of the Restaurant on the Fee Property located in Peoria, Arizona.

ARTICLE 6. AFFIRMATIVE COVENANTS

Borrower hereby covenants and agrees that so long as this Agreement is in effect, any Note remains outstanding and unpaid, or any Obligation remains outstanding, unless Lender shall otherwise give prior written consent, Borrower shall perform and shall cause each of its Subsidiaries to perform all covenants in this Article 6.

6.1 Financial Information, etc.

Borrower will furnish, or cause to be furnished, to the Lender, copies of the following financial statements, reports, notices and other information:

(a) as soon as available and in any event within thirty (30) days after the end of each Fiscal Period, Consolidated balance sheets of the Parent and its Subsidiaries as of the end of such Fiscal Period and Consolidated statements of income and cash flow of the Parent and its Subsidiaries for such Fiscal Period and for the period commencing at the end of the previous Fiscal Year and ending with the end of such Fiscal Period, in each case certified by the chief financial officer or treasurer of the Parent;

(b) as soon as available and in any event within one hundred twenty (120) days after the end of each Fiscal Year of the Parent, a copy of the annual audit report for such Fiscal Year for the Parent and its Subsidiaries, including therein consolidated balance sheets of the Parent and its Subsidiaries as of the end of such Fiscal Year and consolidated statements of income and cash flow of the Parent and its Subsidiaries for such Fiscal Year certified, in the case of each consolidated balance sheet and consolidated statement of income and cash flow, without any Impermissible Qualification, in a manner reasonably acceptable to the Lender by independent public accountants of nationally recognized standing, together with a certificate from such accountants containing a computation of, and showing compliance with, each of the financial ratios and restrictions contained in Sections 7.3, 7.15, 7.16, 7.17 and 7.18, and to the effect that, in making the examination necessary for the signing of such annual report by such accountants, they have not become aware of any Default or Event of Default that has occurred and is continuing, or, if they have become aware of such Default or Event of Default, describing such Default or Event of Default and the steps, if any, being taken to cure it;

(c) as soon as available and in any event within forty-five (45) days after the end of each Fiscal Quarter, Consolidated balance sheets of the Parent and its Subsidiaries as of the end of such Fiscal Quarter and Consolidated statements of income and cash flow of the Parent and its Subsidiaries for such

Fiscal Quarter and for the period commencing at the end of the previous Fiscal Year and ending with the end of such Fiscal Quarter, in each case certified by the chief financial officer or treasurer of the Parent;

(d) as soon as available and in any event within forty-five (45) days after the end of each Fiscal Quarter (including the last Fiscal Quarter of each Fiscal Year), a certificate in form and substance acceptable to Lender ("Compliance Certificate"), executed by the chief financial officer or treasurer of the Borrower, showing (in reasonable detail and with

appropriate calculations and computations in all respects reasonably satisfactory to the Lender) compliance (or noncompliance) with the covenants set forth in Sections 7.3, 7.15, 7.16, 7.17 and 7.18;

(e) as soon as available and in any event within forty-five (45) days after the end of each Fiscal Quarter, a statement of income and cash flow for each Restaurant for such Fiscal Quarter, in each case certified by the chief financial officer or treasurer of the Borrower;

(f) as soon as possible and in any event within three (3) Business Days after the occurrence of each Default, a statement of the chief financial officer or treasurer of the Borrower setting forth details of such Default and the action which the Borrower has taken and proposes to take with respect thereto;

(g) as soon as possible and in any event within three (3) Business Days after (x) the occurrence of any material adverse development with respect to any litigation, action, proceeding, or labor controversy described in Section 8.5 or (y) the commencement of any labor controversy, litigation, action or proceeding of the type described in Section 8.5, notice thereof and copies of all documentation relating thereto;

(h) promptly after the sending or filing thereof, copies of all reports which the Parent, Borrower or any of its Subsidiaries sends to its security holders generally and (i) all reports and registration statements which the Parent, Borrower or any of its Subsidiaries files with the Securities and Exchange Commission or any national securities exchange and (ii) copies of all notices and documents sent to any holder of Indebtedness for borrowed money owing by the Parent, Borrower or any of its Subsidiaries (other than routine notices sent in the ordinary course of business such as borrowing requests, conversion notices and the like);

(i) immediately upon becoming aware of the institution of any steps by the Borrower or any other Person to terminate any Plan, or the failure to make a required contribution to any Plan if such failure is sufficient to give rise to a Lien under Section 302(f) of ERISA, or the taking of any action with respect to a Plan which could result in the requirement that the Borrower furnish a bond or other security to the PBGC or such Plan, or the occurrence of any event with respect to any Plan which could result in the incurrence by the Borrower of any material liability, fine or penalty, or any material increase in the contingent liability of the Borrower with respect to any post-retirement welfare plan benefit, notice thereof and copies of all documentation relating thereto;

(j) as soon as reasonably practicable after the Borrower obtains knowledge of any treatment, storage, processing, discharge, spill or other disposition by the Borrower or any Subsidiary of the Borrower of any substance defined as Hazardous Materials, at any Facility in violation of any applicable Environmental Law; the making of a claim or demand against the Borrower or any Subsidiary of the Borrower based on alleged damage to health caused by any Hazardous Materials; or any charge brought by any Governmental Body accusing the Borrower or any Subsidiary of the Borrower with improperly using, handling,

storing discharging or disposing of any such Hazardous Materials or with causing or permitting any pollution of any body of water; in any such case which has a reasonable possibility of giving rise to a Material Adverse Effect, the Borrower will inform the Lender, of the nature of such violation, claim, demand or charge and will provide such additional information as may be reasonably requested by the Lender;

(k) as soon as available, a calendar identifying each Fiscal Period of each Fiscal Year;

(l) as soon as possible and in any event within three (3) Business Days after Borrower distributes funds to Parent to cover expenses incurred in connection with a Qualified IPO, a written summary of the nature and amount of such expenses;

(m) such other information respecting the condition or operations,

financial or otherwise, including, without limitation, consolidating financial information, of the Parent, Borrower or any of the Borrower's Subsidiaries, as the Lender may from time to time reasonably request.

6.2 Licenses and Permits

Borrower will, and will cause each of its Subsidiaries to, maintain all Governmental Approvals and all related or other material agreements necessary for it to operate its business, and at all times comply with all Applicable Laws relating to the operations, facilities, or activities of Borrower or its Subsidiaries, except where the failure to do any of the foregoing could not reasonably be expected to result in a Material Adverse Effect.

6.3 Maintenance of Properties

Borrower will, and will cause each of its Subsidiaries to, keep its properties in good repair and in good working order and condition, in a manner consistent with past practices and comparable to industry standards, ordinary wear and tear excepted; from time to time make all appropriate and proper repairs, renewals, replacements, additions, and improvements thereto; and keep all equipment that may now or in the future be subject to compliance with any Applicable Laws in material compliance with such Applicable Laws.

6.4 Payment of Charges

Borrower will, and will cause each of its Subsidiaries to, duly pay and discharge all material (a) Taxes imposed on or against it or its property or assets, or upon any property leased by it, prior to the date on which penalties attached thereto, unless and to the extent only that such Taxes, after written notice having been given to Lender, are being contested in good faith and by appropriate proceedings; (b) claims allowed by Applicable Laws, whether for labor, materials, rentals, or anything else, which could, if unpaid, become a Lien upon its property or assets or its outstanding capital stock or adversely affect its facilities or operations, (unless and to the extent only that the validity thereof is being contested in good faith and by appropriate proceedings, after written notice having been given to Lender);

(c) trade bills in accordance with the terms thereof or generally prevailing industry standards; and (d) other Indebtedness heretofore or hereafter incurred or assumed by it, unless such Indebtedness be renewed or extended. In the event any charge is being contested by Borrower or its Subsidiaries as allowed above, Borrower shall establish adequate reserves against possible liability therefor.

6.5 Insurance

(a) Borrower will, and will cause each of its Subsidiaries to, maintain insurance upon its properties and business insuring against such risks as Lender shall reasonably determine from time to time. Borrower and its Subsidiaries shall cause each insurance policy issued in connection with the Restaurants to provide and shall cause the insurer issuing such policy to certify to Lender that (i) if such insurance is proposed to be canceled or materially changed for any reason whatsoever, such insurer will promptly notify Lender, and such cancellation or change shall not be effective as to Lender for thirty (30) days after receipt by Lender of such notice, unless the effect of the change is to extend or increase coverage under the policy; and (ii) Lender will have the right at its election to remedy any default in the payment of premiums within thirty (30) days of notice from the insurer of the default. Each such policy of casualty insurance covering damage to or loss of property with respect to the Restaurants shall name Lender as the loss payee thereunder for all losses.

(b) From time to time upon request by Lender, Borrower will promptly furnish or cause to be furnished to Lender evidence, in form and substance reasonably satisfactory to Lender, of the maintenance of all insurance, indemnities, or bonds required by this Section 6.5 or by any license, lease, or other agreement to be maintained, including but not limited to such originals or copies as Lender may request of policies, certificates of insurance, riders, assignments, and endorsements relating to the insurance and proof of premium payments.

6.6 Maintenance of Records

Borrower will, and will cause each of its Subsidiaries to, keep at all times books of account and other records in which full, true, and correct entries will be made of all dealings or transactions in relation to its business and affairs to the extent required on a consolidated basis by GAAP.

6.7 Inspection

Upon reasonable advance notice by Lender, Borrower will, and will cause each of its Subsidiaries to, allow any representative of Lender to visit and inspect any of its properties, to examine its books of account and other records

and files, to make copies thereof and to discuss the affairs, business, finances, and accounts of Borrower and its Subsidiaries with their officers, employees, and accountants, all at such reasonable times and as often as Lender may reasonably desire; provided that no advance notice is required if a Default or Event of Default has occurred and is continuing.

6.8 Environmental Disclosure and Inspection

(a) Borrower shall, and shall cause each of its Subsidiaries to, (i) exercise reasonable due diligence in order to comply with all material Environmental Laws applicable to them and (ii) use all reasonable efforts to cause all tenants under any leases or occupancy agreements affecting any portion of the Facilities.

(b) Borrower shall promptly advise Lender in writing and in reasonable detail of (i) any Release of any Hazardous Materials required to be reported to any Governmental Body under any applicable Environmental Laws, (ii) any and all written communications with respect to any Environmental Claims that have a reasonable possibility of giving rise to a Material Adverse Effect or with respect to any Release of Hazardous Materials required to be reported to any Governmental Body, and (iii) any remedial action taken by Borrower or any other Person in response to (x) any Hazardous Materials on, under or about any Facility, the existence of which has a reasonable possibility of resulting in an Environmental Claim having a Material Adverse Effect, or (y) any Environmental Claim that could have a Material Adverse Effect.

(c) Borrower shall promptly notify Lender of (i) any proposed acquisition of stock, assets, or property by Borrower or any of its Subsidiaries and (ii) any proposed action to be taken by Borrower or any of its Subsidiaries to commence manufacturing, industrial or other similar operations other than those operations in which Borrower and its Subsidiaries currently engage that could in either such case reasonably be expected to expose Borrower or any of its Subsidiaries to, or result in, Environmental Claims that could reasonably be expected to have a Material Adverse Effect.

(d) Borrower shall, at its own expense, provide copies of such documents or information as Lender may reasonably request in relation to any matters disclosed pursuant to this Section 6.8.

6.9 Borrower's Remedial Action Regarding Hazardous Materials

Borrower shall promptly take, and shall cause each of its Subsidiaries promptly to take, any and all necessary remedial action in connection with the presence, storage, use, disposal, transportation or Release of any Hazardous Materials on or under any Facility required by any applicable Environmental Laws and Governmental Approvals unless the failure to so comply could not reasonably be expected to have a Material Adverse Effect. In the event Borrower or any of its Subsidiaries undertakes any remedial action with respect to any Hazardous Materials on or under any Facility, Borrower or such Subsidiary, shall conduct and complete such remedial action in material compliance with all applicable Environmental Laws, and in accordance with the policies, orders and directives of all federal, state and local Governmental Bodies except when, and only to the extent that, Borrower's or such Subsidiary's liability for such presence, storage, use, disposal, transportation or discharge of any Hazardous Materials, or the legal authority for any such policies, orders, and directives, is being contested in good faith by Borrower or such Subsidiary.

6.10 Further Assurances; Financing Statements; Appraisals

(a) At any time or from time to time upon the request of Lender, Borrower will, and will cause each of its Subsidiaries to, at its expense, promptly execute, acknowledge and deliver such further documents and do such other acts and things as Lender may reasonably request in order to effect fully the purposes of the Loan Documents and to provide for payment of the Obligations in accordance with the terms of this Agreement, the Notes and the other Loan Documents. In furtherance and not in limitation of the foregoing, Borrower shall take, and cause each of its Subsidiaries to take, such actions as Lender may reasonably request from time to time (including, without limitation, the execution and delivery of guaranties by Parent and Subsidiaries of Parent, security agreements, pledge agreements, mortgages, deeds of trust, stock powers, financing statements and other documents, the filing or recording of any of the foregoing, the obtaining of title insurance (in the event a Qualifying IPO does not occur by June 30, 2002 and leasehold deeds of trust are required pursuant to subsection 4.13(b)) with respect to any of the foregoing that relates to an interest in real property, and the delivery of stock certificates and other collateral with respect to which perfection is obtained by possession) to ensure that the Obligations are secured by substantially all of the assets of Borrower

and its Subsidiaries consisting of equipment, fixtures, furnishings, wares and leasehold improvements located at or arising from the operation of the Restaurants and the Fee Property and guarantied by Parent and each Subsidiary of Borrower (other than Inactive Subsidiaries and the Liquor License Subsidiaries).

(b) Borrower hereby authorizes Lender to file one or more financing statements or continuation statements thereto covering all Collateral.

(c) In the event a Qualifying IPO does not occur by June 30, 2002, Lender, at Borrower's sole cost and expense, may order and obtain appraisals of the Fee Property by an appraiser acceptable to Lender.

6.11 Corporate Existence

Borrower will, and will cause each of its Subsidiaries to, maintain and preserve its corporate existence, except that (a) any Subsidiary of Borrower may merge or consolidate with any other Subsidiary of Borrower or may merge into Borrower and (b) the Inactive Subsidiaries may be liquidated and dissolved in accordance with the terms of Section 6.18 herein.

6.12 Notice of Disputes and Other Matters

Borrower will, and will cause each of its Subsidiaries to, promptly give written notice to Lender of:

(a) Any citation, order to show cause or other legal process or order that could reasonably be expected to have a Material Adverse Effect, directing it to become a party to or to appear at any proceeding or hearing by or before any Governmental Body that has

granted to it any Governmental Approval, and include with such notice a copy of any such citation, order to show cause, or other legal process or order;

(b) Any (i) refusal, denial, threatened denial, or failure by any Governmental Body to grant, issue, renew, or extend any material Governmental Approval; (ii) proposed or actual revocation, termination, or modification (whether favorable or adverse) of any material Governmental Approval by any Governmental Body; (iii) dispute or other action which could reasonably be expected to have a Material Adverse Effect with regard to any Governmental Approval by any Governmental Body; (iv) notice from any Governmental Body of the imposition of any material fines or penalties or forfeitures; or (v) threats or notice with respect to any of the foregoing or with respect to any proceeding or hearing that might result in any of the foregoing;

(c) Any dispute involving more than $100,000 concerning, or any threatened nonrenewal or termination of, any lease for any Restaurant;

(d) Any actions, proceedings, or unasserted possible claims of which it may have notice that are probable of assertion in which (i) the amount involved is $100,000 or more, or (ii) the claim is not solely a claim for monetary damages, and could, if adversely determined, reasonably be expected to have a Material Adverse Effect;

(e) Any notices of default or demands for payment or like notices served or sent by any holder of any Indebtedness or Subordinated Debt to or upon Borrower;

(f) Any change in the positions of any Executive Officer of Borrower;

(g) All matters materially and adversely affecting the value, enforceability or collectability of any material portion of its property subject to any Lien granted to Lender, or any of its other assets, if such matters could reasonably be expected to have a Material Adverse Effect; or

(h) Any material adverse change in the relationship between any of Borrower and its Subsidiaries and any of its suppliers or customers which could reasonably be expected to have a Material Adverse Effect.

6.13 Exchange of Notes

Subject to receiving appropriate indemnity from Lender, Borrower will upon receipt of a written notice of loss, theft, destruction, or mutilation of any of the Notes, and upon surrendering such Notes for cancellation if mutilated, execute and deliver a new Note or a Note of like tenor in lieu of such lost, stolen, destroyed, or mutilated Note. Any Notes issued pursuant to this Section 6.13 shall be dated so that neither gain nor loss of interest shall result therefrom.

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6.14 Maintenance of Liens

Except for Permitted Encumbrances, Borrower will, and will cause each of its Subsidiaries to, at all times maintain the liens and security interests provided under or pursuant to this Agreement and the other Loan Documents as valid and perfected first Liens on the property and assets intended to be covered thereby. Except as contemplated under Section 7.4, Borrower shall take all action reasonably requested by Lender necessary to assure that Lender has valid and exclusive Liens on all Collateral.

6.15 Other Agreements

Borrower will, and will cause each of its Subsidiaries to, comply with all covenants and agreements set forth in or required pursuant to any of the other Loan Documents to which it is a party.

6.16 Access Law Disclosure and Inspection

(a) Borrower shall, and shall cause each of its Subsidiaries to, exercise all due diligence in order to comply and use reasonable efforts to cause all tenants under any leases or occupancy agreements affecting any portion of the Facilities.

(b) Borrower shall promptly advise Lender in writing and in reasonable detail of (i) any claim by any Person required to be reported to any federal, state or local governmental or regulatory agency under any applicable Access Laws known to any Executive Officer, (ii) any and all written communications with respect to any such claims that could reasonably be expected to have Material Adverse Effect, (iii) any remedial action taken by Borrower or any other Person in response to claim that could reasonably be expected to have a Material Adverse Effect, and (iv) any request for information from any Governmental Body that states that such Governmental Body is investigating whether Borrower or any of its Subsidiaries may not be in compliance with Access Laws known to any Executive Officer.

(c) Borrower shall, at its own expense, provide copies of such documents or information as Lender may reasonably request in relation to any matters disclosed pursuant to this Section 6.16.

6.17 Borrower's Remedial Action Regarding Access Law Compliance

Borrower shall promptly take, and shall cause each of its Subsidiaries promptly to take, any and all necessary remedial action in order to comply with all applicable Access Laws and Governmental Approvals unless the failure to so comply could not reasonably be expected to have a Material Adverse Effect. In the event Borrower or any of its Subsidiaries undertakes any remedial action with respect to any Facility, Borrower, or such Subsidiary, shall conduct and complete such remedial action in material compliance with all applicable Access Laws, and in accordance with the policies, orders and directives of all Governmental

Bodies except when, and only to the extent that, Borrower's or such Subsidiary's liability for such noncompliance is being contested in good faith by Borrower or such Subsidiary.

6.18 Inactive Subsidiaries

On or prior to December 31, 2002, Borrower shall (i) cause each Inactive Subsidiary to be liquidated and dissolved in accordance with Applicable Laws and (ii) deliver to Lender evidence reasonably satisfactory to Lender of each such liquidation and dissolution, including without limitation, copies, certified by the applicable Governmental Body, of all documents filed with such Governmental Body, to effect each such liquidation and dissolution.

ARTICLE 7. NEGATIVE COVENANTS

Borrower hereby covenants and agrees that so long as this Agreement is in effect, any Note remain outstanding or unpaid, or any Obligation remains outstanding, unless Lender shall otherwise give prior written consent, Borrower shall perform and shall cause each of its Subsidiaries to perform, all covenants in this Article 7.

7.1 Restricted Payments Etc.

On and at all times after the Closing Date:

(a) Borrower will not declare, pay or make any dividend or distribution (in cash, property or obligations) on any Securities (now or hereafter outstanding) of the Borrower (other than dividends or distributions payable in its common stock or warrants to purchase its common stock or split-ups or reclassifications

of its stock into additional or other shares of its common stock) or apply, or permit any of its Subsidiaries to apply, any of its funds, property or assets to the purchase, redemption, sinking fund or other retirement of, or agree or permit any of its Subsidiaries to purchase or redeem, any shares of any Securities (now or hereafter outstanding) of Borrower; except (i) as necessary to fund the operating expenses of Parent in an aggregate amount not to exceed $100,000 in any Fiscal Year; (ii) prior to December 31, 2002, expenses incurred in connection with the consummation of a Qualified IPO; and (iii) up to $325,000 in the aggregate to fund the cash requirements associated with the Parent's loans to management in conjunction with the exercise stock options in Parent prior to a Qualified IPO.

(b) Borrower will not, and will not permit any of its Subsidiaries to, (i) make any payment of interest on any Subordinated Debt which would violate the subordination provisions of the Subordination Agreement entered into with Lender with respect to such Subordinated Debt or (ii) make any payment or voluntary or mandatory prepayment of principal of, or redeem, purchase or defease, any Subordinated Debt;

(c) Borrower will not, and will not permit any Subsidiary to, make any deposit for any of the foregoing purposes set forth in clauses (a) and (b); and

(d) If any payment of principal, interest or any other amount is required to be paid or is paid on the same day with respect to any Subordinated Debt, on the one hand, and with respect to this Agreement or any other Loan Document, on the other hand, then all such amounts paid or required to be paid with respect to this Agreement or such other Loan Documents shall be paid in full in cash before any payments are made with respect to the Subordinated Debt.

7.2 Transactions With Affiliates

Except for the transactions listed on Schedule 7.2, Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, except on arm's length terms: (a) enter into any transaction in which an Affiliate shall have any interest; (b) make any payment or agree to make any payment to any such Affiliate; or (c) transfer or agree to transfer ownership or possession of any of its business or assets, tangible or intangible, real, personal, or mixed, to any Affiliate.

7.3 Other Indebtedness

Borrower shall not, and shall not permit any of its Subsidiaries to, create, incur, assume, or suffer to exist, contingently or otherwise, any Indebtedness except (a) Indebtedness represented by the Loan Documents; (b) Subordinated Debt; (c) Indebtedness and Capital Leases disclosed on Schedule 5.1(m); (d) Indebtedness secured by purchase money security interests incurred in connection with the purchase of capital assets and capitalized leases in each case subject to compliance with Section 7.16; (e) trade accounts and other current payables arising from the ordinary course of business, deferred income taxes and judgments or orders for the payment of money to the extent such judgments or orders do not result in an Event of Default pursuant to Section 9.1 or result in any Liens prohibited by Section 7.4; (f) Contingent Obligations permitted by Section 7.18; and (g) other Indebtedness not to exceed $100,000 in the aggregate outstanding at any time. Except as allowed in Section 7.4 herein, none of the Indebtedness described in this Section 7.3 shall be secured by any of the assets or rights of Borrower or its Subsidiaries.

7.4 Liens

Borrower shall not, and shall not permit any of its Subsidiaries to, contract, create, incur, assume, or suffer to exist any Lien upon or grant any interest in any of its property or assets whether now owned or hereafter acquired, except for the Permitted Encumbrances.

7.5 Advances and Loans

Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, except by Borrower or its Subsidiaries (other than Inactive Subsidiaries and the Liquor License Subsidiaries) to or for the benefit of Borrower or its Subsidiaries (other than Inactive Subsidiaries and the Liquor License Subsidiaries): (a) lend money, make credit available (other than in the ordinary course of business for such matters as advances to employees for moving, travel and entertainment expenses, drawing accounts, and similar

expenditures), or lend property or the use thereof to any Person; (b) purchase or repurchase the stock or Indebtedness or all or a substantial part of the assets or properties of any Person; (c) except as to Indebtedness permitted by

Sections 7.3 or 7.18, guarantee, assume, endorse, or otherwise become responsible for (directly or indirectly or by any instrument having the effect of assuring any Person's payment, performance, or capability) the Indebtedness, performance, obligations, stock, or dividends of any Person; or (d) agree to do any of the foregoing. Notwithstanding the foregoing, Borrower and its Subsidiaries may endorse negotiable instruments for deposit or collection in the ordinary course of business.

7.6 Investments

Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, make or own any Investment in any Person, except (a) marketable securities issued or directly and unconditionally guaranteed by the United States federal government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition thereof; (b) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having the highest rating obtainable from either Standard & Poor's Corporation ("S&P") or Moody's Investors Service, Inc. ("Moody's"); (c) commercial paper maturing no more than one year from the date of creation thereof and, at the time of acquisition, having a rating of at least A-1 from S&P or at least P-1 from Moody's; and (d) certificates of deposit or bankers' acceptances maturing within one year from the date of acquisition thereof and, at the time of acquisition, having a rating of at least A-1 from S&P or at least P-1 from Moody's, issued by Lender or any commercial bank organized under the laws of the United States of America or any state thereof or the District of Columbia having unimpaired capital and surplus of not less than $100,000,000.

7.7 Liquidation and Sale of Assets

Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, wind up, liquidate, or dissolve Borrower's or any of its Subsidiaries' affairs; convey, sell, lease, or otherwise dispose of (or agree to do any of the foregoing at any time) any of its material licenses, contracts, or permits; sell all or a substantial part of its property or assets or sell any part of its property or assets necessary for the conduct of its business as now generally conducted or as proposed to be conducted, except (a) sales of inventory in the ordinary course of business, (b) planned asset sales set forth in Schedule 7.7, and (c) liquidation and dissolution of Inactive Subsidiaries in accordance with Section 6.18 herein.

7.8 Consolidation and Merger

Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, enter into any transaction of merger or consolidation with any Person or purchase, lease, or otherwise acquire all or a substantial part of the property or assets of any other

Person, except that any Subsidiary of Borrower may merge or consolidate with any other Subsidiary of Borrower or may merge into Borrower

7.9 Subsidiaries

Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, form or acquire any Person or any portion thereof; provided, however, Borrower may form or acquire any Person as a new wholly owned Subsidiary provided that such new Subsidiary and deliver to Lender a Guaranty in the form attached hereto as Exhibit D-1.

7.10 Type of Business

Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, engage in any material line of business which is substantially different from and not incidental or reasonably related to the business in which Borrower and its Subsidiaries are presently engaged.

7.11 Change of Chief Executive Office or Name

Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, change (a) its state of incorporation, (b) the location of its chief executive office, (c) its name, or (d) the location of any of the Collateral; without, in each case, (x) prior written notice to Lender and (y) the execution, delivery, and filing (and payment of filing fees and taxes) of all such documents as may reasonably be necessary or advisable in the opinion of Lender to continue to perfect and protect the liens and security interests in the Collateral.

7.12 Change in Documents

Borrower shall not, and shall not permit any of its Subsidiaries (other than Inactive Subsidiaries) to, directly or indirectly, materially amend, supplement, terminate or otherwise modify in any material way its articles of incorporation delivered to Lender or executed in connection herewith.

7.13 Control

Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, enter into any agreement (other than management agreements with existing Affiliates set forth on Schedule 7.2, employment contracts, or the Shareholders Agreement) with any Person that confers upon such Person the right or authority to control or direct a portion of the business or assets of Borrower or any of its Subsidiaries.

7.14 Pension Plan

Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, terminate or partially terminate any Plan now existing or hereafter established for Borrower or any of its ERISA Affiliates or withdraw from participation therein under

circumstances that result or could reasonably be expected to result in liability in excess of $100,000 to the PBGC, to the fund by which the Plan is funded, or to the employees (or their beneficiaries) for whom the Plan is or shall be maintained; or permit any other event or circumstance to occur that results or could result in liability to the PBGC in excess of $100,000 or a violation of Section 302 of ERISA with respect to a Plan.

7.15 Maximum Cash Flow Leverage Ratio

Borrower shall not permit its Cash Flow Leverage Ratio for any Fiscal Quarter ending on or after the Closing Date to exceed 4.0:1.0; provided, however, that if a Qualifying IPO occurs, then the maximum Cash Flow Leverage Ratio shall be 3.0:1.0 for each Fiscal Quarter ending after the Qualifying IPO.

7.16 Minimum Fixed Charge Coverage Ratio

Borrower shall not permit the Fixed Charge Coverage (a) for any Fiscal Quarter ending on or after the Closing Date to be less than 1.15:1.00; provided that in the event a Qualified IPO occurs, then for the Fiscal Quarter ending December 29, 2002 and for each Fiscal Quarter thereafter, the Fixed Charge Coverage shall not be less than 1.25:1.00.

7.17 Minimum Tangible Net Worth

Borrower shall not permits its Tangible Net Worth to be less than (a) $5,000,000 at its Fiscal Quarter ending April 21, 2002, (b) $7,000,000 at its Fiscal Quarter ending July 14, 2002, (c) $8,000,000 at its Fiscal Quarter ending October 6, 2002 and (d) $9,000,000 at its Fiscal Quarter ending December 29, 2002 and at the end of each Fiscal Quarter thereafter; provided that each of the foregoing amounts shall be increased by an amount equal to 90 percent of the net proceeds of the Qualifying IPO and any follow-on offering or secondary offering.

7.18 Contingent Obligations

Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, create or remain liable with respect to any Contingent Obligation, except:

(i) Borrower and its Subsidiaries, as applicable, may remain liable with respect to Contingent Obligations described in Schedule 7.18 annexed hereto; and

(ii) Borrower may become and remain liable with respect to Contingent Obligations under guaranties in the ordinary course of business of the obligations to landlords of Borrower's Subsidiaries (other than Inactive Subsidiaries) and bonding requirements in connection with the development and operation of restaurants; and

(iii) Interest Rate Agreements required to be maintained by Borrower under the Finova Loan Agreement;

(iv) In addition to clauses (i), (ii) and (iii) above, Borrower and its Subsidiaries may become and remain liable with respect to Contingent Obligations under guaranties in the ordinary course of business of the obligations to suppliers, , customers and licensees of Borrower and its Subsidiaries in an aggregate amount not to exceed at any time $100,000.

7.19 Sale or Discount of Receivables

Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, sell with recourse, or discount or otherwise sell for less than the face value thereof, any of its notes or accounts receivable, except neither Borrower nor any of its Subsidiaries shall be precluded from compromising disputed or potentially uncollectible notes or accounts receivable.

7.20 Amendments of Documents Relating to Subordinated Debt

Borrower will not consent to any amendment, supplement or other modification of any of the terms or provisions contained in, or applicable to, any document or instrument evidencing or applicable to any Subordinated Debt.

7.21 Disposal of Subsidiary Stock

Neither Borrower nor Parent shall:

(i) directly or indirectly sell, assign, pledge or otherwise encumber or dispose of any shares of capital stock or other equity securities of any of its Subsidiaries, except to qualify directors if required by Applicable Law; or

(ii) permit any of its Subsidiaries directly or indirectly to sell, assign, pledge or otherwise encumber or dispose of any shares of capital stock or other equity securities of any of its Subsidiaries (including such Subsidiary), except to Borrower, another wholly owned Subsidiary of Borrower, or to qualify directors if required by Applicable Law.

7.22 Fiscal Year

Borrower shall not change its Fiscal Year end from the last Sunday of December of each calendar year.

7.23 Negative Pledges, Restrictive Agreements, etc.

Borrower will not, and will not permit any of its Subsidiaries to, enter into any agreement (excluding this Agreement, any other Loan Document and the Finova Loan Agreement as presently in effect) prohibiting (a) the creation or assumption of any Lien for the benefit of the Lender upon its properties, revenues or assets, whether now owned or hereafter acquired, or the ability of Borrower or any Subsidiary to amend or otherwise modify this Agreement or any other Loan Document or (b) the ability of any Subsidiary to

make any payments, directly or indirectly, to Borrower by way of dividends, advances, repayments of loans or advances, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments, or any other agreement or arrangement which restricts the ability of any such Subsidiary to make any payment, directly or indirectly, to Borrower.

7.24 Liquidity

Borrower shall not permit the sum of its cash and cash equivalents plus the amount available to borrow under the Revolving Credit Commitment to be less than $5,000,000 at the end of each Fiscal Quarter ending on or after the Closing Date.

ARTICLE 8. REPRESENTATIONS AND WARRANTIES

In order to induce Lender to enter into this Agreement and to make the Loans as herein provided, Borrower hereby makes the following representations, covenants, and warranties to Lender, all of which shall survive the execution and delivery of this Agreement and shall not be affected or waived by any inspection or examination made by or on behalf of Lender:

8.1 Corporate Status

Borrower is a corporation organized and validly existing under the laws of the state of Nevada. Each Loan Party is a corporation organized and validly existing under the laws of the state of its incorporation. Borrower and each of the Loan Parties has the corporate power and authority to own its property and assets and to transact the business in which it is engaged or presently proposes to engage. Borrower and each of the Loan Parties is qualified to do business in all states in which it is doing business, except where the failure to so qualify could not reasonably be expected to result in a Material Adverse Effect. Borrower and each of the Loan Parties is not a "holding company" or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" as such terms are defined in the Public Utility Holding Company Act of 1935; nor is it an "investment company," or an "affiliated company," or a "principal underwriter" of an "investment company," as such terms are defined in

the Investment Company Act of 1940.

8.2 Power and Authority

Borrower and each of the Loan Parties has the corporate power to execute, deliver, and carry out the terms and provisions of this Agreement and each of the Loan Documents to which it is a party and has taken all necessary corporate action to authorize the execution, delivery, and performance of this Agreement and the other Loan Documents, the borrowings hereunder, and the making and delivery of the Notes and all Loan Documents delivered hereunder, in each case as applicable to such Loan Party. This Agreement constitutes and the Notes and other Loan Documents and instruments issued or to be issued hereunder, when executed and delivered pursuant hereto, constitute or will constitute the authorized, valid,

and legally binding obligations of the Loan Parties enforceable in accordance with their respective terms.

8.3 No Violation of Agreements

Except as set forth in Schedule 8.3, Borrower and each of its Subsidiaries is not in default under any material provision of any agreement to which it is a party or in violation of any material provision of any Applicable Laws except, in each case, where no Material Adverse Effect could reasonably be expected to result therefrom. The execution and delivery of this Agreement, the Notes, the other Loan Documents, and the instruments incidental hereto; the consummation of the transactions herein or therein contemplated; and compliance with the terms and provisions hereof or thereof (a) to Borrower's knowledge, will not violate any material provision of any Applicable Law; (b) will not conflict with or violate; result in any breach of any of the terms, covenants, conditions, or provisions of; constitute a default under; or result in the creation or imposition of (or the obligation to impose) any lien, charge, or encumbrance upon any of the property or assets of Borrower or any of its Subsidiaries pursuant to the terms of any material Governmental Approval, mortgage, deed of trust, lease, agreement, or other instrument to which Borrower or any of its Subsidiaries is a party, by which Borrower or any of its Subsidiaries may be bound, or to which Borrower or any of its Subsidiaries may be subject where such conflict, violation, default or lien could reasonably be expected to have a Material Adverse Effect; and (c) will not violate any of the provisions of the articles of incorporation of Borrower or any of its Subsidiaries. Except as referenced in Section 8.4, no Governmental Approval is necessary (x) for the execution of this Agreement, the making of the Notes, or the assumption and performance of this Agreement or the Notes by Borrower or (y) for the consummation by Borrower and its Subsidiaries of the transactions contemplated by this Agreement including but not limited to the grant of the security interests to Lender.

8.4 Recording and Enforceability

Neither the articles of incorporation, bylaws, nor other applicable corporate documents of Borrower or any of its Subsidiaries require recording, filing, registration, notice, or other similar action in order to insure the legality, validity, binding effect, or enforceability against all Persons of this Agreement, the Notes, or other Loan Documents executed or to be executed hereunder, other than filings or recordings that may be required under the Uniform Commercial Code, the applicable real property recording statutes with respect to the Deeds of Trust.

8.5 Litigation

Except as set forth on Schedule 8.5 hereto, there are no actions, suits, or proceedings pending or, to Borrower's knowledge, threatened against or affecting Borrower or any of its Subsidiaries before any Governmental Body, which could reasonably be expected to have a Material Adverse Effect. To Borrower's knowledge, Borrower and its Subsidiaries, or any of them, are not in default under any material provision of any Applicable Law or

Governmental Approval of any Governmental Body, which could reasonably be expected to have a Material Adverse Effect.

8.6 Good Title to Properties

Borrower and its Subsidiaries each has good and marketable title to, or a valid leasehold interest in, its property and assets, subject to no Liens, except those permitted under the provisions of Section 7.4 of this Agreement.

8.7 Licenses and Permits

All material Governmental Approvals with respect to the business of Borrower and its Subsidiaries are, to Borrower's knowledge (a) duly and validly issued by the respective Governmental Bodies, (b) in full force and effect, and (c) valid. With regard to such Governmental Approvals, to Borrower's knowledge no fact or circumstance exists that constitutes or, with the passage of time or the giving of notice or both, would constitute a material default under any thereof, or permit the grantor thereof to cancel or terminate the rights thereunder, except upon the expiration of the full term thereof. Borrower and its Subsidiaries presently hold all material Governmental Approvals as are necessary or advisable in connection with the conduct of its business.

8.8 [Reserved]

8.9 Properties in Good Condition

All the material properties of Borrower and its Subsidiaries are in good repair and good working order and condition ordinary wear and tear excepted in a manner consistent with past practices of Borrower and its Subsidiaries and comparable to industry standards and to Borrower's knowledge, are in substantial compliance with all Applicable Laws.

8.10 Financial Statements

The audited and unaudited financial statements of Borrower that have heretofore been delivered to Lender are true and correct in all material respects and present fairly (i) the financial position of Borrower and its Subsidiaries as of the date of said statements and (ii) the results of operations of Borrower and its Subsidiaries for the periods covered thereby; and there are not any material liabilities that should have been reflected in the financial statements or the notes thereto under GAAP, contingent or otherwise, including liabilities for Taxes or any unusual forward or long-term commitments, that are not disclosed or reserved against in the statements referred to above or in the notes thereto or that are not disclosed herein. All such financial statements have been prepared in accordance with GAAP subject, in the case of unaudited statements, to changes resulting in audit and normal year-end adjustments, and the absence of footnotes. There has been no material adverse change (including but not limited to any such change occasioned by accident, act of God, war, fire, flood, explosion, strike or other labor dispute, or orders or action by any Governmental Body

or public utility) in the operations, business, property, assets, or condition (financial or otherwise) of Borrower and its Subsidiaries taken as a whole since December 30, 2001.

8.11 Outstanding Indebtedness

Other than current trade payables, other operating liabilities incurred in the ordinary course of business, Indebtedness permitted under Section 7.3, as of the date hereof Borrower and its Subsidiaries have no Indebtedness, including but not limited to Indebtedness to its Affiliates, that is not listed on Borrower's unaudited financial statements dated December 30, 2001.

8.12 Taxes

Except to the extent permitted in Section 6.4, Borrower and its Subsidiaries have duly filed all tax returns and reports required by Applicable Law to be filed, and all Taxes upon Borrower and its Subsidiaries or upon its assets that are due and payable have been paid, except to the extent any such Taxes are being contested in good faith and by appropriate proceedings and could not reasonably be expected to have a Material Adverse Effect.

8.13 License Fees

Except to the extent permitted in Section 6.4, Borrower and its Subsidiaries have paid all fees and charges that have become due for any Governmental Approval or have made adequate provisions for any such fees and charges that have accrued, except where the failure to do any of the foregoing could not reasonably be expected to result in a Material Adverse Effect.

8.14 Trademarks, Patents, Etc.

Borrower and each of its Subsidiaries possesses all necessary material trademarks, trade names, service marks, copyrights, patents, patent rights, and licenses to conduct its businesses as now and as proposed to be conducted, and to Borrower's knowledge, without conflict with the rights or claimed rights of others.

8.15 Disclosure

To the best of Borrower's knowledge, the exhibits hereto, the financial

information and statements referred to in Section 8.10 herein, any certificate, statement, report or other document furnished to Lender by Borrower or any other Person in connection herewith or in connection with any transaction contemplated hereby, and this Agreement taken as a whole, do not, on the date hereof, contain any untrue statements of material fact or omit to state any material fact necessary in order to make the statements contained therein or herein not misleading.

8.16 Regulations T, U and X

Borrower and its Subsidiaries do not own and no part of the proceeds hereof will be used to purchase or carry any margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System) or to extend credit to others for the purpose of purchasing or carrying any margin stock. Borrower and its Subsidiaries are not engaged principally or as one of its important activities in the business of extending credit for the purpose of purchasing or carrying any margin stock. If requested by Lender, Borrower will, and will cause its Subsidiaries to, furnish to Lender a statement in conformity with the requirements of Federal Reserve Form U-1 referred to in said Regulation. No part of the proceeds of the Loans will be used for any purpose that violates or is inconsistent with the provisions of Regulations T, U and X of said Board of Governors.

8.17 Names

Borrower, its Subsidiaries and any of their respective predecessors do not operate or do business or to Borrower's knowledge during the past five (5) years have not operated or done business under a fictitious, trade, or assumed name, except as set forth on Schedule 8.17 or as hereafter disclosed to Lender pursuant to Section 7.1.

8.18 Condition of Property

Except as otherwise disclosed to Lender, Borrower hereby represents and warrants to Lender that, to its knowledge, as of the date hereof and continuing hereafter, the property of Borrower and its Subsidiaries (both owned and leased) and each portion thereof (a) are not and have not been a site for the use, generation, manufacture, storage, disposal, or transportation of any Hazardous Material other than in the ordinary course of its business in compliance with Applicable Laws; (b) are presently in compliance with or are being and promptly shall be brought into compliance with all Environmental Laws; and (c) are not being used and have not been used in any manner that has resulted in or will result in Hazardous Materials being spilled or disposed of on any adjacent or other property.

8.19 Pension Plans

To Borrower's knowledge, no "reportable event" as defined in Section 4043(b) of Title IV of ERISA has occurred and is continuing with respect to any Plan. In addition, each of the Plans is in compliance with the requirements of ERISA, including the minimum funding requirements.

8.20 Borrower and Subsidiaries

(a) Except as disclosed on Schedule 8.20, Borrower and its Subsidiaries are engaged only in the business of operating restaurants and franchising others to operate restaurants.

(b) All of the Subsidiaries of Borrower as of the Closing Date are identified in Schedule 8.20 annexed hereto. The capital stock of each of the Subsidiaries of Borrower identified in Schedule 8.20 annexed hereto is duly authorized, validly issued, fully paid, and nonassessable and none of such capital stock constitutes margin stock. Schedule 8.20 annexed hereto correctly sets forth the ownership interest of Borrower in each of its Subsidiaries identified therein.

(c) The Inactive Subsidiaries do not have any ongoing operations and are not operating any business. The assets of each Inactive Subsidiary have a liquidation value of less than $50,000.

ARTICLE 9. EVENTS OF DEFAULT; REMEDIES

9.1 Events of Default

"Event of Default," wherever used herein, means any one of the following events (whatever the reason for the Event of Default, whether it shall relate to one or more of the parties hereto, and whether it shall be voluntary or

involuntary or be pursuant to or effected by operation of Applicable Law):

(a) If Borrower shall fail to (i) pay any principal of the Notes when due in accordance with the terms hereof or thereof, (ii) pay any interest on the Notes when due in accordance with the terms thereof or hereof, or (iii) pay any other amount payable hereunder within ten (10) days after Lender makes a demand for such other amount; or

(b) If Borrower or any of its Subsidiaries shall (i) default in payment of principal of or interest on any Indebtedness for money borrowed or Capital Lease obligations (other than as set forth in subsection 9.1(a) above), if the outstanding principal (or capitalized) amount of such Indebtedness or Capital Lease obligation is $100,000 or more, after any applicable grace period provided in the instrument or agreement under which such Indebtedness or Capital Lease obligation was created; or (ii) default in the observance or performance of any other material provisions of any agreement or condition relating to any such Indebtedness or Capital Lease obligation or contained in any instrument or agreement evidencing, securing, or relating thereto beyond any applicable grace period, or any other event shall occur or condition exist, the effect of which default, event or condition is to cause or to permit the holder or holders of such Indebtedness or Capital Lease obligation to cause, with the giving of notice if required, such Indebtedness to become due prior to the date of maturity, any applicable grace period having expired; or

(c) If any representation or warranty (i) made by Borrower in this Agreement or (ii) made by Borrower in any document, certificate, or statement furnished pursuant to this Agreement or in any Loan Document, is false or misleading in any material respect as of the date when made; or

(d) If Borrower fails to observe or perform, or to cause any Subsidiary to observe or perform, any term, covenant, or agreement to be performed or observed pursuant to

Sections 6.1, 6.5, 6.7, 6.10, 6.12, 6.14, 6.15 (subject to any cure or grace periods set forth in the applicable Loan Document), and Article 7 herein; or

(e) If Borrower fails to observe or perform, or to cause any Subsidiary to observe or perform, any term, covenant, or agreement to be performed or observed pursuant to the provisions of this Agreement, the other Loan Documents, or any other agreement incidental hereto not otherwise specified in this Section 9.1 and such default is not cured within thirty (30) days after notice of default is given; or

(f) If Borrower or any Loan Party fails to perform any of its obligations under any of the Loan Documents not otherwise specified in this Section 9.1, or if the validity of any of such documents has been disaffirmed by or on behalf of any of the parties thereto other than Lender and such default is not cured within thirty (30) days after notice of such default is given; or

(g) If (i) Borrower or any Loan Party shall commence any case, proceeding, or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition, or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, or other similar official for it or for all or any substantial part of its assets, or Borrower or any Loan Party shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against Borrower or any Loan Party any case, proceeding, or other action of a nature referred to in clause (i) above which (X) results in the entry of an order for relief or any such adjudication or appointment or (Y) remains undismissed, undischarged, unstayed, or unbonded for a period of sixty (60) days; or (iii) there shall be commenced against Borrower or any Loan Party any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, distraint, or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed, or bonded pending appeal within sixty (60) days from the entry thereof; or (iv) Borrower or any Loan Party shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in any of the acts set forth in clauses (i), (ii), or (iii) above; or (v) Borrower or any Loan Party shall admit in writing its inability to pay its debts as they become due or shall, within the meaning of the Bankruptcy Code, generally not pay its debts (other than debts that are the subject of a bona fide dispute) as they become due; or (vi) Borrower or any Loan Party suspends or discontinues its business; or

(h) If (i) any Plan shall be terminated pursuant to Subtitle C of Title IV ERISA, (ii) a trustee shall be appointed by the appropriate U.S. District Court to administer such Plan, (iii) the PBGC shall institute proceedings to terminate any such Plan, or (iv) any such Plan fails to satisfy the minimum funding

standards for such Plan for a Plan year as established in Section 412 of the Internal Revenue Code; or

(i) One or more judgments or decrees shall be entered against any Loan Party involving in the aggregate liability of $100,000 or more not covered by insurance, which judgment or decree shall not have been vacated, discharged, stayed, or bonded pending appeal within thirty (30) days from entry thereof; or

(j) If Parent shall cease to directly own and control 100 percent of the issued and outstanding capital stock of Borrower or if any Change in Control shall occur; or

(k) If there shall occur or exist any event of default under the Subordinated Notes, and such event of default is not cured or waived in writing by the holders of the Subordinated Notes; or

(l) If there shall occur any event that has a Material Adverse Effect.

9.2 Acceleration; Remedies

(a) If any Event of Default described in subsections 9.1(g)(i) or (ii) shall occur then immediately and automatically the Commitments shall immediately terminate and the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the Notes shall immediately become due and payable and Lender's obligations to make any Loan shall immediately terminate.

(b) If any other Event of Default other than described in subsections 9.1(g)(i) or 9.1(g)(ii) shall occur and be continuing, Lender may (i) by notice to Borrower, declare the Commitments to be terminated forthwith, whereupon such obligations shall immediately terminate; and (ii) by notice of default to Borrower, declare all or a portion of the Loans hereunder, with accrued interest thereon, and all other amounts owing under this Agreement and the Notes to be due and payable forthwith, whereupon the same shall immediately become due and payable.

(c) Except as expressly provided above in this Section 9.2, presentment, demand, purchase, and all other notices of any kind are hereby expressly waived. Lender may proceed to protect and enforce their rights hereunder or realize on any or all security granted pursuant hereto in any manner or order Lender deems expedient without regard to any equitable principles of marshaling or otherwise. No failure or delay on the part of Lender, or the holder of any of the Notes in exercising any right, power, or privilege hereunder and no course of dealing between Borrower and Lender, or the holder of any of the Notes shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any right, power, or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies that Lender or any subsequent holder of any of the Notes would otherwise have. No notice to or demand on Borrower in any case shall entitle Borrower to any other or further notice or demand in similar or other circumstances or shall constitute a waiver of the right of Lender to any other or further action in any circumstances without notice or demand.

ARTICLE 10. MISCELLANEOUS

10.1 Notices

All notices, requests, consents, demands, approvals, and other communications hereunder shall be deemed to have been duly given, made, or served if made in writing and delivered personally, sent via facsimile, or mailed by first class mail, postage prepaid, to the respective parties to this Agreement. For purposes of this Agreement, the address of each party hereto shall be as set forth under such party's name on the signature pages hereof. The designation of the persons to be so notified or the address of such persons for the purposes of such notice may be changed from time to time by similar notice in writing, except that any communication with respect to a change of address shall be deemed to be given or made when received by the party to whom such communication was sent.

10.2 Payment of Expenses and Taxes

Borrower agrees (a) to pay or reimburse Lender for all of its reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, the Loan Documents and any other documents prepared in connection therewith, and the consummation of the transactions contemplated hereby and thereby, including, without limitation, the fees and disbursements of counsel to Lender, (b) to pay

or reimburse Lender for all their respective reasonable costs and expenses incurred in connection with, and to pay, indemnify, and hold Lender, and its officers, directors, employees, and agents and attorneys (the "Indemnified Persons") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements of any kind or nature whatsoever arising out of or in connection with, the enforcement or preservation of any rights under the Loan Documents and any such other documents prepared in connection therewith, including without limitation, the reasonable fees and disbursements of counsel to Lender, (c) to pay, indemnify, and to hold Lender harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other Taxes (other than income and gross revenue taxes), if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, any Loan Document and any such other documents including, without limitation, the reasonable fees and disbursements of counsel to Lender in connection with the foregoing and in connection with advising Lender with respect to its rights and responsibility under any Loan Document and (d) to pay, indemnify, and hold the Indemnified Persons harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including, without limitation, reasonable fees and disbursements of counsel) which may be incurred by or asserted against any Indemnified Person arising out of or in connection with any investigation, litigation or proceeding related to the Loan Documents or the use of the proceeds of the Loans, whether or not any of the Indemnified Persons is a party thereto (all the foregoing, collectively, the "Indemnified Liabilities"), provided, that Borrower shall have

no obligation hereunder with respect to Indemnified Liabilities of any Indemnified Person arising from (i) the gross negligence or willful misconduct of such Indemnified Person, (ii) legal proceedings commenced against Lender by any security holder or creditor thereof arising out of and based upon rights afforded any such security holder or creditor solely in its capacity as such, and (iii) legal proceedings which are resolved in favor of Borrower. The agreements in this Section 10.2 shall survive repayment of the Notes and all other amounts payable hereunder.

10.3 Assignments and Participations in Loans

This Agreement is binding upon and inures to the benefit of Borrower and Lender and their successors and assigns and all subsequent holders of the Notes or any portion thereof. Borrower expressly acknowledges that Lender is not prohibited or restricted from assigning rights or participation hereunder or any portion thereof to another Person. Borrower, however, is precluded from assigning any of its respective rights or delegating any of its obligations hereunder or under any of the Loan Documents without the prior written consent of Lender. Lender may furnish any information concerning Borrower and its Subsidiaries in the possession of that Lender from time to time to assignees and participants (including prospective assignees and participants).

10.4 Setoff

As additional security for the payment of the Obligations, Borrower hereby grants to Lender a security interest in, a lien on and an express contractual right to set off against all depository account balances, cash and any other property of Borrower now or hereafter in the possession of Lender and the right to refuse to allow withdrawals from any account (collectively "Setoff"). Lender may, at any time upon the occurrence and continuance of a Default or an Event of Default (notwithstanding any notice requirements or grace/cure periods under this Agreement or any of the other Loan Documents) Setoff against the Obligations whether or not the Obligations (including future installments) are then due or have been accelerated, all without any advance or contemporaneous notice or demand of any kind to Borrower, such notice and demand being expressly waived.

10.5 Waiver of Setoff

In the event that Lender sells all or any portion of the Loans to any participant, Borrower hereby waives the right to interpose any setoff, counterclaim, or cross-claim against such participant (other than compulsory counterclaims or cross-claims) in connection with any litigation or dispute under this Agreement, regardless of the nature of such setoff, counterclaim, or cross-claim.

10.6 Fees and Commissions

Borrower agrees to indemnify Lender and hold it harmless with regard to any commissions, fees, judgments, or expenses of any nature and kind that Lender may become liable to pay by reason of any claims by or on behalf of brokers,

finders, or agents in

connection with any act or failure to act by Borrower or any litigation or similar proceeding arising from such claims. Borrower states that it is aware of no valid basis for any such claims.

10.7 Entire Agreement; Amendments and Waivers

This Agreement represents the entire agreement between the parties hereto with respect to the Loans and transactions contemplated hereunder and, except as expressly provided herein, shall not be affected by reference to any other documents. This Agreement, or any provision hereof, cannot be changed, waived, discharged or terminated orally, but only by an instrument in writing, signed by the party against whom enforcement of the change, waiver, discharge or termination is sought. Any extensions, renewals and modifications of the Loan shall be governed by the terms and conditions of this Agreement and the other Loan Documents.

10.8 Severability

If any provision of this Agreement or any of the Loan Documents is held invalid under any Applicable Laws, such invalidity shall not affect any other provision of this Agreement that can be given an effect without the invalid provision, and, to this end, the provisions hereof are severable.

10.9 Descriptive Headings

The descriptive headings of the several sections of this Agreement are inserted for convenience only and do not affect the meaning or construction of any of the provisions hereof.

10.10 Governing Law

This Agreement and the rights and obligations of the parties hereunder and under the other Loan Documents shall be construed in accordance with and shall be governed by the laws of the state of Washington.

10.11 Consent to Jurisdiction, Service, and Venue

For the purpose of enforcing payment of any of the Notes, performance of the obligations under any of the Notes, any arbitration award under the other Loan Documents, or otherwise in connection herewith, Borrower hereby consents to the jurisdiction and venue of the courts of the state of Washington or of any federal court located in such state including but not limited to the Superior Court of Washington for King County and the United States District Court for the Western District of Washington. Borrower hereby waives the right to contest the jurisdiction and venue of courts located in King County, Washington, on the ground of inconvenience or otherwise and waives any right to bring any action or proceeding against Lender in any court outside King County, Washington. The provisions of this Section do not limit or otherwise affect the right of Lender to institute and conduct action in

any other appropriate manner, jurisdiction, or court and do not otherwise limit Borrower's right to contest such manner, jurisdiction, or court as may be sought by Lender in any such action or its right to raise substantive claims therein.

10.12 Successors and Assigns

This Agreement and the other Loan Documents shall be binding upon and inure to the benefit of Borrower, Lender, all future holders of the Notes and their respective successors and assigns, except that Borrower may not assign or transfer any of its rights or obligations under any Loan Document without the prior written consent of Lender.

10.13 Waiver of Jury Trial

EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THE LOAN TRANSACTION CONTEMPLATED BY THE LOAN DOCUMENTS OR THE LENDING RELATIONSHIPS THAT ARE BEING ESTABLISHED. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including without limitation, contract claims, tort claims, breach of duty claims, and all other common law and statutory claims. Each party hereto acknowledges that this waiver is a material inducement to enter into a business relationship, that each has already relied on this waiver in entering into this

Agreement, and that each will continue to rely on this waiver in their related future dealings. Each party hereto further warrants and represents that it has reviewed this waiver with its legal counsel and that it knowingly and voluntarily waives its jury trial rights following consultation with legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS, OR MODIFICATIONS TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE LOANS MADE HEREUNDER. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

10.14 Counterparts

This Agreement and each of the Loan Documents may be executed in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to constitute an original agreement, but all of such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

10.15 Statutory Notice

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, Borrower and Lender have caused this Agreement to be duly executed by their respective duly authorized signatories as of the date first above written.

RED ROBIN INTERNATIONAL, INC., a
Nevada corporation

By /s/ James P. McCloskey

Name: James P. McCloskey
Title: Chief Financial Officer & Secretary

Notice Address: Red Robin International, Inc.
5575 DTC Parkway, Suite 110
Greenwood Village, Colorado 80111
Facsimile: (303) 846-6073
Attention: Chief Financial Officer

LENDER:

U.S. BANK NATIONAL ASSOCIATION

By /s/ Cathryn S. Schalkle

Name: Cathryn S. Schalkle

Title: Vice President

Notice Address: U.S. Bank National Association
1420 Fifth Avenue, 11th Floor
Seattle, Washington 98101
Facsimile: (206) 344-2887
Attention: Cathy Schalkle

List of Omitted Exhibits and Schedules

The following exhibits and schedules to the Credit Agreement have been omitted and shall be furnished supplementally to the Commission upon request:

SCHEDULES

EXHIBIT 21.1

Red Robin Gourmet Burgers, Inc. (Parent Company)

ACTIVE SUBSIDIARIES

1. Red Robin International, Inc.
2. Red Robin West, Inc.
3. Red Robin Distributing Co., Inc.
4. Red Robin of Anne Arundel County, Inc.
5. Red Robin of Baltimore County, Inc.
6. Red Robin of Montgomery County, Inc.
7. Western Franchise Development, Inc.

INACTIVE SUBSIDIARIES

1. Bird Purchasing, Inc., a Washington corporation

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the use in this Registration Statement of Red Robin Gourmet Burgers, Inc. on Form S-1 of our report dated February 19, 2002, except for the third and fourth paragraphs of note 15, as to which the date is April 26, 2002, appearing in the Prospectus, which is part of this Registration Statement.

We also consent to the reference to us under the headings "Selected Financial Data" and "Experts" in such Prospectus.

/s/ Deloitte & Touche LLP
DELOITTE & TOUCHE LLP

Denver, Colorado
April 26, 2002

EXHIBIT 23.2

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports dated August 18, 2000 and June 7, 2000, on our audits of the financial statements of The Snyder Group Company (and to all references to our Firm) included in or made a part of this registration statement.

/s/ ARTHUR ANDERSEN

Denver, Colorado,
April 22, 2002.