As filed with the Securities and Exchange Commission on June 10, 2002

Registration No. 333-87044

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1
to
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:

Thomas J. Leary Brandi R. Steege O'Melveny & Myers LLP 610 Newport Center Drive, Suite 1700 Newport Beach, California 92660 (949) 760-9600	Valerie Ford Jacob Stuart H. Gelfond Fried, Frank, Harris, Shriver & Jacobson One New York Plaza 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	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee (3)
Common Stock, $0.001 par value per share	5,793,700	$16.00	$92,699,200	$8,529

(1) Includes shares that the underwriters have the option to purchase solely to cover over allotments, if any.
(2) Estimated solely for the purpose of determining the registration fee pursuant to Rule 457 promulgated under the Securities Act of 1933, as amended.
(3) $5,520 of this amount has been previously paid.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a

further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a), may determine.

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.

SUBJECT TO COMPLETION DATED , 2002

PROSPECTUS

5,038,000 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 $14.00 and $16.00 per share. Red Robin will not receive any of the proceeds from shares sold by the selling stockholders.

We have applied 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	$	$

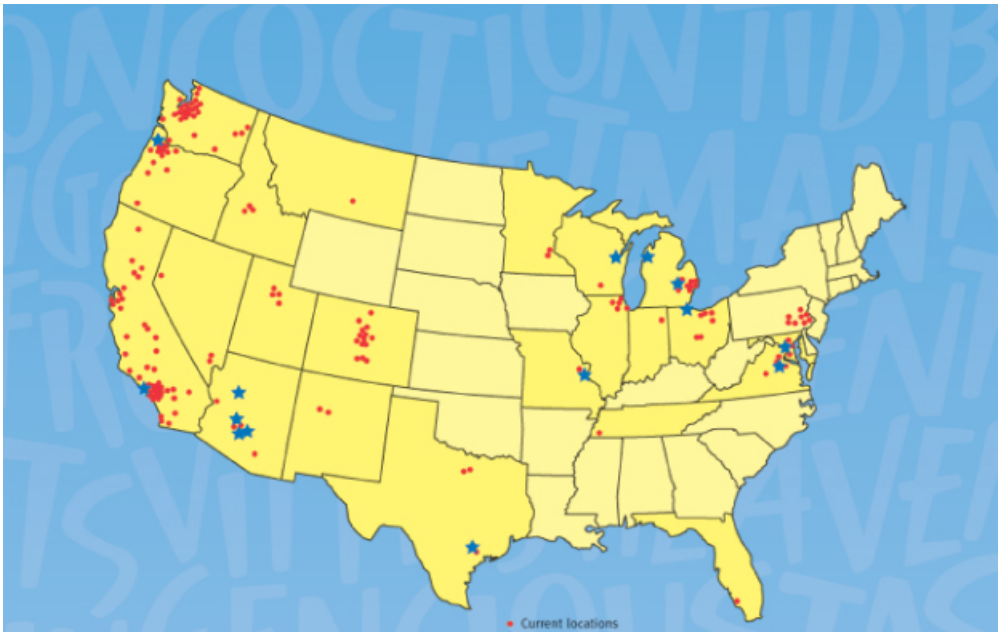
Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or has determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Some of the selling stockholders have granted the underwriters the right to purchase up to an additional 755,700 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



• Current locations
★ Coming soon! Scheduled to open in 2002

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

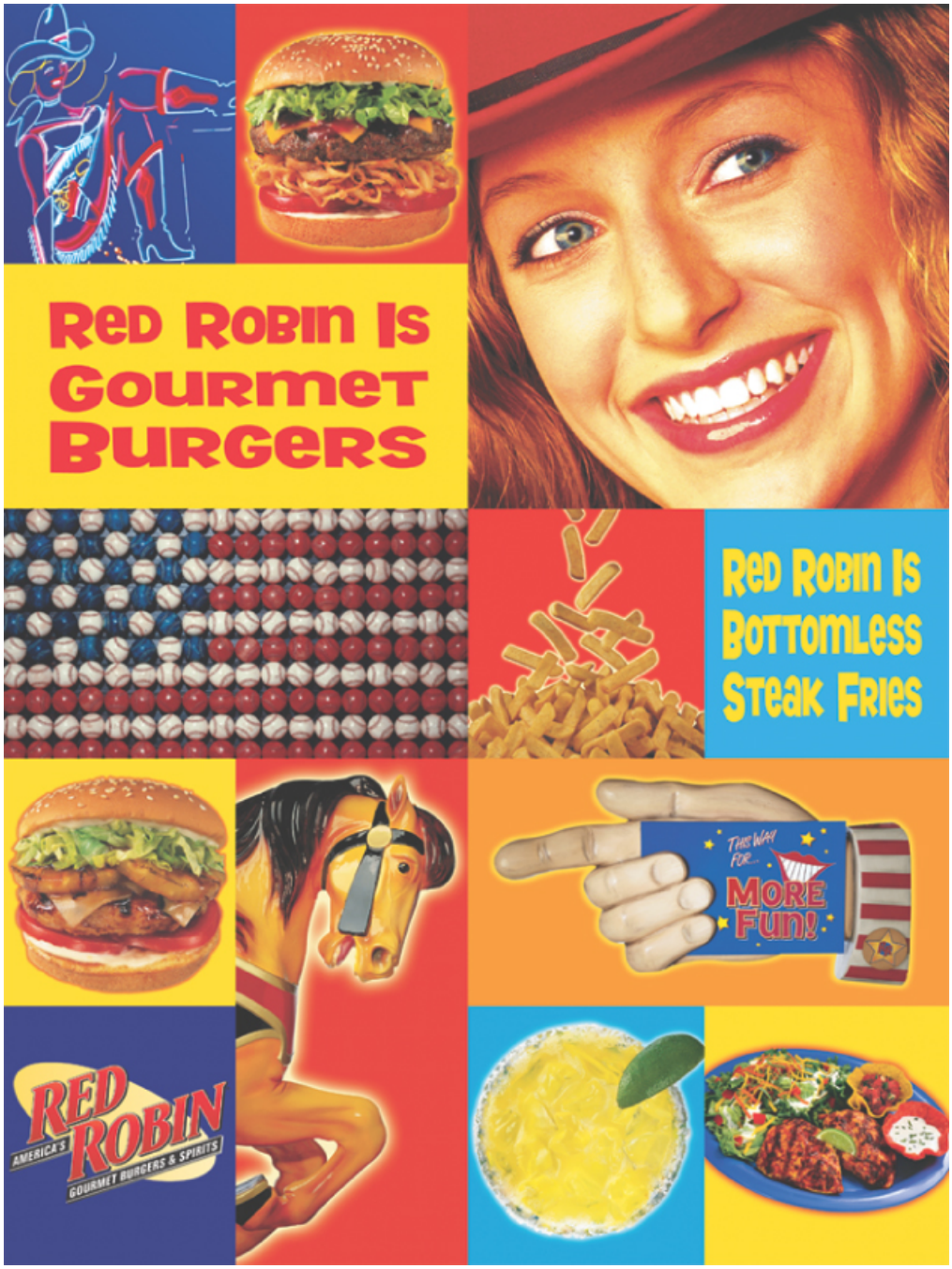
RED ROBIN
AMERICA'S GOURMET BURGERS & SPIRITS

Our Cornerstones: Values, People, Burgers & Time

America's Gourmet Burgers & Spirits®

Guest Demographics:
57% Female &
28% Under Age 18

RED ROBIN
AMERICA'S GOURMET BURGERS & SPIRITS


Red Robin Is Gourmet Burgers
Red Robin Is Bottomless Steak Fries
THIS WAY FOR... MORE Fun!
RED ROBIN
AMERICA'S GOURMET BURGERS & SPIRITS

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

RR 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 pepper-jack & 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

RR 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

RR 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

RR 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

RR 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

RR 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 crew! Ask your server for details about our additional selection of microbrews, imports, lights and non-alcoholic.

WINES BY THE GLASS

Robert Mondavi Private Selection
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

RR 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

RR 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 a/a.

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!

RED ROBIN
AMERICA'S GOURMET BURGERS & SPIRITS

GOURMET BURGERS

GOURMET SIGNATURES

THE BANZAI BURGER
Marinated in teriyaki & topped with grilled pineapple, Cheddar cheese, lettuce, tomato & mayo. WARNING: Will attack taste buds with reckless abandon! 7.49

5 ALARM BURGER
Crank up the heat with an all-beef burger topped with pepper jack cheese, jalapeños, fresh tangy salsa, sliced tomato, crisp lettuce and chipotle mayo. 7.49

ROYAL RED ROBIN BURGER
This is the aristocrat burger because we crown it with one fresh jumbo fried egg then add three strips of sizzling bacon, American cheese, crispy lettuce, tomato and mayo. 7.49

GUACAMOLE BURGER
It's mean, it's lean, it's got a touch of green – thanks to our zesty guacamole! Topped with melted Swiss cheese, crisp bacon, onion, lettuce, sliced tomato & mayo. 7.79

PEPPERCORN BURGER
There's no passing this burger - it's that taste explosion! With sizzling bacon, peppercorn spread, pepper jack cheese & onion straws sitting on fresh onion and tomato slices in an onion bun. 7.99

BLEU RIBBON BURGER
A juicy burger basted with a tangy steak sauce & topped with crumbled bleu cheese. Served with onion straws, lettuce, tomatoes & zesty chipotle mayo. 7.79

POT ROAST BURGER
A new twist on an American Masterpiece! This "burger" is stacked high with our hot & juicy slow-cooked pot roast, topped with caramelized onions, melted Cheddar cheese and our homemade, creamy horseradish sauce. Served on a toasted onion bun. 7.99

WHISKEY RIVER BBQ BURGER
Basted with our patented Whiskey River BBQ Sauce and tossed together with Cheddar cheese, crispy onion straws, lettuce, tomato & mayo. 6.99

LAUREN'S PORTOBELLO BURGER
This burger won the Grand Prize in our 2001, First Annual South America Recipe contest! It's a savory grilled Portobello mushroom topped with Monterey Jack cheese, red onion, sliced tomato, crisp lettuce & chipotle mayo, served on an onion bun. And for every one sold, 50¢ will be donated to the Starlight Children's Foundation. Congratulations to Lauren from Colorado Springs, CO! 8.49

BURGER CLASSICS

RED ROBIN GOURMET CHEESEBURGER
If it were any more American, you'd be required to salute! Comes with your choice of cheese: Cheddar, American, Swiss, Monterey Jack, Provolone, Bleu or Pepper Jack with fresh lettuce, hand cut tomatoes, pickles, onions, mayo & Red's pickle relish. 6.99

RED ROBIN BACON BURGER
Riding piggyback on a juicy all-beef burger are three thick slices of crispy bacon. Topped with hand cut tomatoes, fresh lettuce & mayo. 6.99

SAUTÉED MUSHROOM BURGER
This burger is topped with a generous heap of fresh, plump sautéed mushrooms, then topped with melted Swiss for that extra fillmore. A mushroom lover's dream come true! 7.99

MONSTER BURGER
– AKA – the Open Wide Burger - two huge beef burgers, American cheese, sliced red tomato, crisp lettuce, pickles, onion, mayo & Red's pickle relish. 8.49

COUNTRY FAIR SAUTÉED SWEET ONION BURGER
"Good ol' country kid-style." Made famous at the Fair and served on a toasted onion bun & smothered with lots of sweet grilled onions. 6.99

ADVENTURESOME BURGERS

CRISPY FISH BURGER
The real thing - North Atlantic Cod fresh-fried in a light tempura batter, topped with shredded cabbage, tomato, pickles & tartar sauce to lure you in. 7.99

GRILLED TURKEY BURGER
It's never too early to "give thanks" for our premium ground turkey, charbroiled and layered with shredded lettuce, fresh tomato slices and zesty chipotle mayo. 6.99

AMAZING VEGGIE BURGER
It's an amazingly delicious blend of vegetables, grains & spices with a touch of cheese - topped with sliced tomato, fresh lettuce, pickles and mustard sauce on our wheat bun. 6.99

BOCA™ BURGER
Boca™ Burger is made from nutritious, protein-filled soy and dairy products. It is a tasty alternative to beef and it makes a great burger! The BocaTM burger is served open-faced on a whole wheat bun and comes with lettuce, tomato, onion, pickles and mustard sauce, all served on the side. 7.49

The Boca™ patty or Amazing Meatless patty are also available on any one of our unique gourmet burgers above for just 50¢ more.

ALL GOURMET BURGERS are served with BOTTOMLESS STEAK FRIES!

CHICKEN BURGERS

OUR CHICKEN BURGERS FEATURE PLUMP, TENDER, GRILLED CHICKEN BREASTS.

CRISPY CHICKEN BURGER
A breaded chicken breast is lunched into orbit where it gets crispy outside but stays moist and tender inside. We add fresh lettuce, tomato, pickles, onion and mayo. Its' taste is out of this world! 7.99

TERIYAKI CHICKEN BURGER
Why did the chicken cross the Pacific? To be part of this sensational burger featuring a marinated chicken breast brushed with thick teriyaki sauce & topped with grilled pineapple, Swiss cheese, lettuce, tomato & mayo. 7.99

BAJA CHICKEN BURGER
A juicy chicken breast rubbed with zesty Mexican chili seasonings, topped with melted pepper-jack cheese, cool guacamole, fresh tomato, crunchy tortilla strips and a creamy, cool lime sauce. 7.99

WHISKEY RIVER BBQ CHICKEN BURGER
A grilled chicken breast basted with our patented BBQ sauce and topped with melted Cheddar, crispy onion straws, lettuce, tomato and mayo. Cowpokes and real folks both love this one! 7.99

CALIFORNIA CHICKEN BURGER
A chic combination of a grilled chicken breast, Monterey Jack cheese, zesty guacamole, crispy bacon, sliced tomato, crisp lettuce, pickles & mayo. Beautiful & flavorful! 7.99

HONEY MUSTARD CHICKEN BURGER
A delicious charbroiled breast of chicken topped with thick slices of melted Cheddar cheese, guacamole, onion, sliced tomato, shredded lettuce, mayo & our tangy-sweet honey mustard sauce. 7.99

ENTREES

SOUTHWEST CHICKEN PASTA
Penne pasta tossed with grilled chicken, sweet red peppers, tomatoes & black olives blended in a creamy Salsa-Alfredo sauce. A dollop of sour cream, a sprinkle of Parmesan cheese & onions. 9.99

ENSENADA CHICKEN PLATTER
Two juicy chicken breasts, fast rubbed with a zesty Mexican blend of chili seasonings, then grilled and bursting with Baja style flavor. Served with a side of salsa, creamy lime dipping sauce and a crisp green salad. May Delicioso! 9.49

CHICKEN OR STEAK FAJITAS
Tender marinated chicken or steak grilled to perfection with sautéed onions and red & green bell peppers. Served with warm flour tortillas, Cheddar cheese, guacamole, salsa, sour cream & black beans. Flamin' Chicken 10.49 Steak 11.99

SEAFOOD PASTA
Delectable shrimp & scallops sautéed with mushrooms & bacon in our creamy Alfredo sauce over penne pasta, topped with freshly grated Parmesan, diced tomatoes and black olives. Served with house bread and fresh lemon. 12.49

Red Robin Signature Selection

RED'S NANTUCKET SEAFOOD SCATTER
A fisherman's combination of North Atlantic Cod, Crunchy Buffalo Shrimp, tender Clamstrips & our golden steak fries are all aboard! Take 'em for a dip in cocktail or dillfil & pickle'd tartar sauce served on the side. 12.49

RED'S RICE BOWL
Steaming hot sticky rice, a teriyaki chicken breast and an array of Oriental-style veggies will really "wok up" your taste buds. Splashed with Oriental dressing for a great flavor complement. 9.49 Vegetarian 7.49 Steak 10.49

CRUNCHY BUFFALO STYLE SHRIMP
Gulf shrimp, tossed in spices and breading, then fresh-fried to sweet perfection. Served with steak fries and our own special cocktail sauce. 8.99

ARCTIC COD FISH & CHIPS
Tender filets of North Atlantic Cod fresh-fried in a light tempura batter. Served with our original dillfil pickle'd tartar sauce, fresh lemon & steak fries. 8.99

CLAMSTRIPS
Tender morsels of delectable clams. Lightly breaded and served with our world-famous steak fries & our original dillfil pickle'd tartar sauce. You gotta try these! 7.99

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

SOUPS & SANDWICHES

BLTA CROISSANT
Light n' flaky croissant filled with sliced turkey breast, bacon, fresh sliced avocado, lettuce, tomato & mayo. 7.99

CAESAR'S CHICKEN WRAP
Julius would have loved this marinated grilled chicken breast sliced & stuffed in a fresh tortilla, with Caesar dressing, Parmesan cheese, diced tomatoes and crisp romaine lettuce. 7.99

BAJA TURKEY CLUB
A zesty grilled sandwich on Texas toast features shaved oak turkey, melted pepper jack & Cheddar cheeses, crispy bacon, a mild roasted green chile & fresh tomatoes with a hint of chipotle-pepper mayo. 7.99

BLTA CROISSANT, BAJA TURKEY CLUB & CAESAR'S CHICKEN WRAP ARE SERVED WITH OUR WORLD FAMOUS STEAK FRIES!

SOUPER SANDWICH COMBO
Choose your favorite sandwich (BLTA Croissant, Caesar's Chicken Wrap or Baja Turkey Club) and combo it with a cup of any one of our savory soups. 8.49

SOUPS A LA CARTE: Bowl 4.99 Cup 2.99

FRENCH ONION SOUP
A rich "bonsai" stock with lightly sautéed onions, topped with melted provolone cheese.

CLAMDIGGER'S CLAM CHOWDER
A traditional New England-style clam chowder.

CHICKEN TORTILLA SOUP
A hearty chicken & vegetable tortilla soup topped with grated cheese, sour cream, tortilla strips & sprinkled with green onions.

ALL RED ROBIN BURGERS ARE SERVED WITH OUR BOTTOMLESS WORLD-FAMOUS STEAK FRIES!

SALADS

SOUP & SALAD COMBO
A simmering bowl of French Onion, Clamdigger's Clam Chowder or Chicken Tortilla soup served with a crisp, mixed greens dinner salad & house bread. 6.99

CRISPY CHICKEN TENDER SALAD
A mouthwatering marriage of flavours. Crisp mixed greens topped with lightly fried tender chicken, hard-boiled egg, tomato, Cheddar cheese, crumbled bacon bits and diced green onion. Served with honey mustard poppy-seed dressing and house bread. 8.99

ORIENTAL CHICKEN SALAD
A crisp, cool Asian salad with teriyaki grilled chicken. Salad greens tossed with sweet red peppers, celery, green onions, toasted almonds and crispy noodles with a sweet sesame Oriental dressing. 8.49

COBB SALAD
Crisp greens with tender grilled chicken, bacon, hard-boiled egg, fresh avocado, black olives, ripe tomato & crumbled bleu cheese. Served with house bread & your choice of dressing. 8.99

FAJITA CHICKEN SALAD
Our grilled chicken breast crowns a colorful medley of salad greens with grated pepper-jack and Cheddar cheeses, green and sweet red peppers, corn kernels, diced red onions, black beans & tortilla strips, tossed with a creamy Salsa-Ranch dressing. 8.49

SIDE SALAD
Dinner Salad 2.99 Caesar Salad 2.99

We offer the following dressings with high impact flavor: Ranch, Bleu Cheese, Honey Mustard-Poppyseed, Thousand Island, Oriental, Lo-Cal Ranch & Lo-Cal Italian

TABLE OF CONTENTS

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. In 2001, our first quarter ended on April 22, 2001 and is referred to throughout this prospectus as first quarter 2001 and in 2002, our first quarter ended on April 21, 2002 and is referred to throughout this prospectus as first quarter 2002. Our first quarters include 16 weeks and our second, third and fourth quarters each include 12 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 755,700 additional shares of our common stock from some of the selling stockholders at the price set forth on the cover of this prospectus;
- an initial offering price of $15.00 per share, the midpoint of the range set forth on the cover of this prospectus;
- no exercise of options to purchase an aggregate of 504,466 shares of common stock which were outstanding as of May 19, 2002 under our stock option plans; and
- that we have completed a one-for-2.9 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 90 restaurants in 12 states, and have 98 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.

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 our key guiding principals, or "cornerstones," that drive our success.* Values, people, burgers and time.

- *Offer high quality, imaginative menu items.* Our restaurants feature imaginative menu items that showcase recipes and capture tastes and flavors that our guests do not typically associate with burgers, salads and sandwiches.

- *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 we believe differentiates us from many of our competitors who have significantly higher average guest checks.

- *Deliver strong unit economics.* 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 in 2001. The average cash investment cost for

our free-standing restaurants opened in 2001 was approximately $1.7 million, excluding pre-opening costs and land. Our comparable company-owned restaurants generated average sales of approximately $2.9 million and restaurant-level operating profit of approximately $533,000, or 18.4% of comparable company-owned restaurant sales in 2000. The average cash investment cost for our free-standing restaurants opened in 2000 was approximately $1.8 million, excluding pre-opening costs and land.

- *Pursue disciplined restaurant and franchise growth.* Our disciplined expansion strategy includes both company-owned and franchised development. In 2002, we have opened four new company-owned restaurants, expect to open six additional new company-owned restaurants and relocate one restaurant. Our franchisees have opened four new restaurants and we expect them to open three additional restaurants this year.

- *Build awareness of the Red Robin® America's Gourmet Burgers & Spirits® brand* We believe we have become well known within our markets for our signature menu items and 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 we have benefited from several key trends that have helped drive our business. These trends include the expected increase in consumption of food away from home and the large and growing teen population.

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 comparable restaurant-level operating profit margins from 15.8% in 1995 to 20.5% 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.

RISK FACTORS

An investment in our common stock involves a high degree of risk. The following risks, as well as the risks discussed in "Risk Factors," should be carefully considered before investing in our common stock:

- our ability to open new restaurants, secure sufficient new space and manage our planned expansion;
- the continued service of key management personnel;
- changes in consumer preferences or consumer discretionary spending;
- health concerns regarding beef or other food products;
- the effect of competition in the restaurant industry;
- the ability of our franchisees to take actions that could harm our business;
- adverse economic and other developments in the Western United States where 83.3% of our company-owned restaurants are located; and
- the concentration of ownership among Quad-C and our officers, directors and other principal stockholders.

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.	4,000,000 shares
Selling stockholders	1,038,000 shares
Common stock to be outstanding after this offering	15,025,654 shares
Use of proceeds	We intend to use the proceeds of this offering: • to repay approximately $47.9 million of indebtedness under our term loan, including related fees; • to repay approximately $3.5 million of indebtedness under our revolving credit facility; and • to repay approximately $2.1 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

The number of shares of common stock to be outstanding after this offering is based on our shares outstanding as of May 19, 2002. This information excludes:

- 1,475,690 shares of common stock reserved for issuance under our stock option plans, of which 504,466 shares are subject to options outstanding at a weighted average exercise price of $5.83 per share; and
- 300,000 shares of common stock reserved for issuance under our employee stock purchase plan.

SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA

	Fiscal Year Ended			First Quarter Ended	
	1999	2000(1)	2001	2001	2002
	(in thousands, except per share data, restaurant-related data and footnotes)			(unaudited)	
Statement of Income Data:					
Revenues:					
Restaurant	$ 121,430	$ 180,413	$ 214,963	$64,572	$76,317
Franchise royalties and fees	8,249	8,247	9,002	2,822	2,757
Rent revenue	333	510	520	120	127
Total revenues	130,012	189,170	224,485	67,514	79,201
Income from operations	7,145	8,805	18,740	5,127	5,993
Interest expense	4,156	6,482	7,850	2,500	2,217
Interest income	(186)	(742)	(746)	(208)	(100)
Other expense	391	191	190	63	25
(Provision) benefit for income taxes(2)	1,596	12,557	(3,722)	(901)	(1,374)
Net income(2)	4,380	15,431	7,724	1,871	2,476
Net income per common share(2)					
Basic	$ 1.47	$ 2.07	$ 0.77	$ 0.19	$ 0.25
Diluted	$ 1.47	$ 2.07	$ 0.75	$ 0.18	$ 0.23
Shares used in computing net income per common share					
Basic	2,971	7,444	10,085	10,076	10,090
Diluted	2,971	7,444	10,236	10,170	10,650
Selected Operating Data:					
System-wide restaurants open at end of period	144	164	182	165	186
Company-owned restaurants open at end of period	46	73	77	72	88
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%	2.6%	0.4%
Restaurant-level operating profit(4)	$ 20,340	$ 32,423	$ 41,215	$11,497	$14,298
EBITDA(5)	12,539	16,870	29,231	8,279	9,592
EBITDA margin(5)	9.6%	8.9%	13.0%	12.3%	12.1%

	April 21, 2002	
	Actual	As Adjusted(6)
	(unaudited)	
Balance Sheet Data:		
Cash and cash equivalents	$ 6,547	$ 10,695
Total assets	154,188	156,168
Long-term debt, including current portion	78,743	30,122
Total stockholders' equity	49,475	100,076

(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 4,310,344 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 are 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. It does not include general and administrative costs, depreciation and amortization, franchise development costs and pre-opening costs. Although restaurant-level operating profit is a measure commonly used in the restaurant industry to evaluate operating performance, it 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. Restaurant-level operating profit as presented may not be comparable to other similarly titled measures of other companies. The following table sets forth our calculation of restaurant-level operating profit:

				First Quarter Ended	
	1999	2000	2001	2001	2002
		(in thousands)		(unaudited)	
Restaurant revenue	$ 121,430	$ 180,413	$ 214,963	$ 64,572	$ 76,317
Cost of sales	30,159	43,945	50,914	15,952	17,897
Labor	43,504	64,566	74,854	22,639	27,428
Operating	19,429	27,960	33,195	10,317	11,412
Occupancy	7,998	11,519	14,785	4,167	5,282
Restaurant-level operating profit	$ 20,340	$ 32,423	$ 41,215	$ 11,497	$ 14,298

(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:

				First Quarter Ended	
	1999	2000	2001	2001	2002
		(in thousands)		(unaudited)	
Income from operations	$ 7,145	$ 8,805	$ 18,740	$ 5,127	$ 5,993
Depreciation and amortization	5,394	8,065	10,491	3,152	3,599
EBITDA	$ 12,539	$ 16,870	$ 29,231	$ 8,279	$ 9,592

(6) As adjusted information gives effect to the application of the net proceeds from the sale of 4,000,000 shares of our common stock offered by us in this offering at an initial offering price of $15.00 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 $47.9 million of indebtedness under our term loan, including related fees, approximately $3.5 million of indebtedness under our revolving credit facility and approximately $2.1 million of indebtedness under one real estate and three equipment loans, including related fees. This information also reflects the non-cash charge to earnings of approximately $2.2 million from the write-off of deferred loan fees and the cash charge of approximately $1.9 million from pre-payment penalty fees related to the indebtedness noted above.

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 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 83.3% 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 75 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 66.5% of our outstanding shares of common stock may be sold into the public market in the future, which could depress our stock price.

The 5,038,000 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 May 19, 2002, approximately an additional 666,927 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 May 19, 2002, approximately 10,289,761 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. Our directors, officers and affiliates, who together will own a majority of the shares of our common stock outstanding after this offering, have entered into 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 10,702,780 shares of common stock for future sale. In addition, options to purchase 504,466 shares of our common stock are outstanding as of May 19, 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 28.7% 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 58.0% 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 $10.33 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;
- not provide for 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 4,000,000 shares of common stock in this offering of $54.7 million, based on an assumed initial public offering price of $15.00 per share, 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 $47.9 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 $3.5 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 $1.6 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 $0.5 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 April 21, 2002:

- on an actual basis; and
- on an as adjusted basis to give effect to the application of the net proceeds from the sale of 4,000,000 shares of our common stock offered by us in this offering at an offering price of $15.00 per share, less the underwriting discount and estimated offering expenses payable by us, and the use of proceeds from this offering to repay approximately $47.9 million of indebtedness under our term loan, including related fees, approximately $3.5 million of indebtedness under our revolving credit facility and approximately $2.1 million of indebtedness under one real estate and three equipment loans, including related fees. This information also reflects the non-cash charge to earnings of approximately $2.2 million from the write-off of deferred loan fees and the cash charge of approximately $1.9 million from pre-payment penalty fees related to the indebtedness noted above.

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.

	April 21, 2002	
	Actual	As Adjusted
	(in thousands)	(unaudited)
Cash and cash equivalents	$ 6,547	$ 10,695
Current portion of long-term debt(1)(2)	$ 4,660	$ 4,660
Long-term debt(1)(2)	74,083	25,462
Stockholders' equity:		
Common stock, $.001 par value: 50,000,000 shares authorized, 10,090,485 shares issued and outstanding, actual; 50,000,000 shares authorized, 14,090,485 shares issued and outstanding, as adjusted(3)	10	14
Additional paid-in capital	53,745	108,391
Deferred compensation	(269)	(269)
Note receivable from stockholder/officer	(600)	(600)
Retained earnings (accumulated deficit)	(3,411)	(7,460)
Total stockholders' equity	49,475	100,076
Total capitalization	$ 128,218	$ 130,198

(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 1,443,086 shares of common stock issuable on the exercise of stock options outstanding as of April 21, 2002.

DILUTION

Our net tangible book value at April 21, 2002 was approximately $15.2 million. 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 April 21, 2002. Our pro forma net tangible book value as of April 21, 2002 would have been approximately $65.8 million, or approximately $4.67 per share, after giving effect to the sale of shares of common stock offered by us at an assumed initial public offering price of $15.00 and our receipt of the estimated net proceeds, after deducting estimated underwriting discounts and estimated offering expenses, and repayment of approximately $47.9 million of indebtedness under our term loan, including related fees, approximately $3.5 million of indebtedness under our revolving credit facility and approximately $2.1 million of indebtedness under one real estate and three equipment loans, including related fees. This information also reflects the non-cash charge to earnings of approximately $2.2 million from the write-off of deferred loan fees and the cash charge of approximately $1.9 million from pre-payment penalty fees related to the indebtedness noted above. This represents an immediate increase in net tangible book value of $3.16 per share to existing stockholders and an immediate dilution of $10.33 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		$15.00
Net tangible book value per share as of April 21, 2002	$1.51	
Increase in net tangible book value per share attributable to new investors	3.16	
Pro forma net tangible book value per share after the offering		4.67
Dilution per share to new investors		$10.33

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 April 21, 2002 and is based on an assumed initial public offering price of $15.00 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	10,090,485	71.6%	$ 55,425,757	48.0%	$ 5.49
New stockholders	4,000,000	28.4	60,000,000	52.0	15.00
Total	14,090,485	100.0%	$ 115,425,757	100.0%	

The foregoing discussion and tables are based upon the number of shares actually issued and outstanding on April 21, 2002 and exclude 2,410,862 shares of common stock reserved for issuance under our stock option plans, of which 1,443,086 shares were subject to options outstanding on April 21, 2002, at a weighted average exercise price of $5.82 per share, and 300,000 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. Statement of income and balance sheet data for each fiscal quarter is derived from our unaudited consolidated financial statements which, in the opinion of management, reflects all adjustments necessary to present fairly, in accordance with accounting principles generally accepted in the United States, the information for the periods. The operating results for any interim period are not necessarily indicative of results for a full year. 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					First Quarter Ended	
	1997	1998	1999	2000(1)	2001	2001	2002
	(in thousands, except per share data, restaurant-related data and footnotes)					(unaudited)	
Statement of Income Data:							
Revenue:							
Restaurant	$108,604	$110,953	$121,430	$180,413	$214,963	$ 64,572	$ 76,317
Franchise royalties and fees	7,078	7,193	8,249	8,247	9,002	2,822	2,757
Rent revenue	36	69	333	510	520	120	127
Total revenues	115,718	118,215	130,012	189,170	224,485	67,514	79,201
Costs and expenses:							
Restaurant operating costs:							
Cost of sales	28,471	27,679	30,159	43,945	50,914	15,952	17,897
Labor	40,261	39,089	43,504	64,566	74,854	22,639	27,428
Operating	16,550	17,382	19,429	27,960	33,195	10,317	11,412
Occupancy	6,433	6,379	7,998	11,519	14,785	4,167	5,282
Restaurant closures and impairment	6,342	140	(330)	1,302	36	—	—
Depreciation and amortization	7,135	5,008	5,394	8,065	10,491	3,152	3,599
General and administrative	10,974	13,578	13,434	17,116	16,845	4,545	5,712
Franchise development	870	1,982	2,508	3,386	3,704	1,610	1,362
Pre-opening costs	159	—	771	2,506	921	5	517
Total costs and expenses	117,195	111,237	122,867	180,365	205,745	62,387	73,208
Income (loss) from operations	(1,477)	6,978	7,145	8,805	18,740	5,127	5,993
Other (income) expense:							
Interest expense	4,785	4,460	4,156	6,482	7,850	2,500	2,217
Interest income	(127)	(282)	(186)	(742)	(746)	(208)	(100)
Other expense	559	595	391	191	190	63	25
Total other expense	5,217	4,773	4,361	5,931	7,294	2,355	2,143
Income (loss) before income taxes	(6,694)	2,205	2,784	2,874	11,446	2,772	3,850
(Provision) benefit for income taxes(2)	(1,899)	33	1,596	12,557	(3,722)	(901)	(1,374)
Net income (loss)(2)	$ (8,593)	$ 2,238	$ 4,380	$ 15,431	$ 7,724	$ 1,871	$ 2,476
Net income (loss) per common share(2)							
Basic	$ (3.02)	$ 0.78	$ 1.47	$ 2.07	$ 0.77	$ 0.19	$ 0.25
Diluted	$ (3.02)	$ 0.78	$ 1.47	$ 2.07	$ 0.75	$ 0.18	$ 0.23
Shares used in computing net income per common share							
Basic	2,847	2,903	2,971	7,444	10,085	10,076	10,090
Diluted	2,847	2,903	2,971	7,444	10,236	10,170	10,650
Selected Operating Data:							
System-wide restaurants open at end of period	128	131	144	164	182	165	186
Company-owned restaurants open at end of period	46	44	46	73	77	72	88
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%	2.6%	0.4%
Restaurant-level operating profit(4)	$ 16,889	$ 20,424	$ 20,340	$ 32,423	$ 41,215	$ 11,497	$ 14,298
EBITDA(5)	5,658	11,986	12,539	16,870	29,231	8,279	9,592
EBITDA margin(5)	4.9%	10.1%	9.6%	8.9%	13.0%	12.3%	12.1%

	Fiscal Year					First Quarter	
	1997	1998	1999	2000	2001	2001	2002
						(unaudited)	
Balance Sheet Data:							
Cash and cash equivalents	$ 3,414	$ 5,645	$ 5,176	$ 8,317	$ 18,992	$ 14,083	$ 6,547
Total assets(1)	52,555	55,338	70,706	141,184	154,441	148,759	154,188
Long-term debt, including current portion	58,418	57,509	66,120	78,413	80,087	82,330	78,743
Total stockholders' equity (deficit)(1)	(22,248)	(19,291)	(14,861)	39,773	46,978	41,401	49,475

(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 4,310,344 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 are 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. It does not include general and administrative costs, depreciation and amortization, franchise development costs and pre-opening costs. Although restaurant-level operating profit is a measure commonly used in the restaurant industry to evaluate operating performance, it 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. Restaurant-level operating profit as presented may not be comparable to other similarly titled measures of other companies. The following table sets forth our calculation of restaurant-level operating profit:

						First Quarter Ended	
	1997	1998	1999	2000	2001	2001	2002
			(in thousands)			(unaudited)	
Restaurant revenue	$ 108,604	$ 110,953	$ 121,430	$ 180,413	$ 214,963	$ 64,572	$ 76,317
Cost of sales	28,471	27,679	30,159	43,945	50,914	15,952	17,897
Labor	40,261	39,089	43,504	64,566	74,854	22,639	27,428
Operating	16,550	17,382	19,429	27,960	33,195	10,317	11,412
Occupancy	6,433	6,379	7,998	11,519	14,785	4,167	5,282
Restaurant-level operating profit	$ 16,889	$ 20,424	$ 20,340	$ 32,423	$ 41,215	$ 11,497	$ 14,298

(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:

						First Quarter Ended	
	1997	1998	1999	2000	2001	2001	2002
			(in thousands)			(unaudited)	
Income (loss) from operations	($ 1,477)	$ 6,978	$ 7,145	$ 8,805	$ 18,740	$ 5,127	$ 5,993
Depreciation and amortization	7,135	5,008	5,394	8,065	10,491	3,152	3,599
EBITDA	$ 5,658	$ 11,986	$ 12,539	$ 16,870	$ 29,231	$ 8,279	$ 9,592

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 May 19, 2002, we owned and operated 90 casual dining restaurants under the name "Red Robin® America's Gourmet Burgers & Spirits®" in 12 states and had 98 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. This assessment is performed on a restaurant-by-restaurant basis. 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 May 19, 2002, we had 70 company-owned restaurants that met this criteria.

Results of operations

Our operating results for 1999, 2000 and 2001 and for the first quarters of 2001 and 2002 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			First Quarter Ended	
	1999	2000	2001	2001	2002
				(unaudited)	
Revenue:					
Restaurant	93.4%	95.4%	95.8%	95.6%	96.3%
Franchise royalties and fees	6.3	4.3	4.0	4.2	3.5
Rent revenue	0.3	0.3	0.2	0.2	0.2
Total revenues	100.0	100.0	100.0	100.0	100.0
Costs and expenses:					
Restaurant operating costs:					
Cost of sales	24.8	24.4	23.7	24.7	23.5
Labor	35.8	35.8	34.8	35.0	35.9
Operating	16.0	15.5	15.4	16.0	15.0
Occupancy	6.6	6.4	6.9	6.5	6.9
Restaurant closures and impairment	(0.3)	0.7	—	—	—
Total restaurant operating costs	82.9	82.8	80.8	82.2	81.3
Depreciation and amortization	4.1	4.3	4.7	4.7	4.5
General and administrative	10.3	9.0	7.5	6.7	7.2
Franchise development	1.9	1.8	1.6	2.4	1.7
Pre-opening costs	0.6	1.3	0.4	—	0.7
Income from operations	5.5	4.7	8.3	7.6	7.6
Other (income) expense:					
Interest expense	3.2	3.4	3.5	3.7	2.8
Interest income	(0.1)	(0.4)	(0.3)	(0.3)	(0.1)
Other expense	0.3	0.1	0.1	0.1	—
Total other expense	3.4	3.1	3.2	3.5	2.7
Income before income taxes	2.1	1.5	5.1	4.1	4.9
(Provision) benefit for income taxes	1.2	6.6	(1.7)	(1.3)	(1.7)
Net income	3.4%	8.2%	3.4%	2.8%	3.1%

First quarter 2002 (16 weeks) compared to first quarter 2001 (16 weeks)

Total revenues. Total revenues increased by $11.7 million, or 17.3%, to $79.2 million in the first quarter of 2002 from $67.5 million in the first quarter of 2001 due to an $11.7 million increase in restaurant sales. The increase in restaurant sales was due to $6.9 million in sales derived from ten restaurants acquired from two franchisees in the first quarter of 2002, $4.7 million in additional sales from a full quarter of operations for the six restaurants that opened in 2001, $978,000 of sales from new restaurants opened in the first quarter of 2002 and $241,000 from comparable restaurant sales increases of 0.4%. We believe that the economic downturn in the telecommunications and technology industries adversely affected sales in three of our markets, Seattle, Portland and Denver, which combined represented 47.5% of our comparable sales. Excluding these markets, comparable restaurant sales increased 2.8%. These increases in restaurant sales were offset by one restaurant closure in the first quarter of 2002 and two restaurant closures in the first quarter of 2001 that contributed $1.1 million more in revenue in the first quarter of 2001 than in the first quarter of 2002. The increase in comparable restaurant sales was driven by an increase in the average guest check of approximately

0.4% compared to the first quarter of 2001. Franchise royalties and fees and rent revenue did not significantly change in the first quarter of 2002 from the first quarter of 2001. Franchise revenues were unchanged because royalty revenue from new franchise openings was offset by our acquisition of franchise restaurants early in the year.

Cost of sales. Cost of sales increased by $1.9 million, or 12.2%, to $17.9 million in the first quarter of 2002 from $16.0 million in the first quarter of 2001 due to more restaurants being operated during the first quarter of 2002. Cost of sales as a percentage of restaurant sales decreased to 23.5% in the first quarter of 2002 from 24.7% in the first quarter of 2001. 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, reduce waste in our restaurants and improve margins.

Labor. Labor expenses increased by $4.8 million, or 21.2%, to $27.4 million in the first quarter of 2002 from $22.6 million in the first quarter of 2001 due to more restaurants being operated in the first quarter of 2002. Labor expenses as a percentage of restaurant sales increased to 35.9% in the first quarter of 2002 from 35.0% in the first quarter of 2001. This increase was due in part to minimum wage increases in the first quarter of 2002 in Washington and California and turnover and training of team members at the restaurants acquired in the first quarter of 2002.

Operating. Operating expenses increased by $1.1 million, or 10.6%, to $11.4 million in the first quarter of 2002 from $10.3 million in the first quarter of 2001 due to more restaurants being operated in the first quarter of 2002. Operating expenses as a percentage of restaurant sales decreased to 15.0% in the first quarter of 2002 from 16.0% in the first quarter of 2001. Utility expenses were 2.5% of restaurant sales in the first quarter of 2002, 0.6% lower than in the first quarter of 2001. In 2001, utility expenses were higher all over the country, but especially in Southern California, where electricity costs were significantly higher during the first quarter of 2001. We were also able to lower service and maintenance costs 0.3% through managing repairs, maintenance and service contracts more closely. We also lowered supply costs.

Occupancy. Occupancy expenses increased by $1.1 million, or 26.8%, to $5.3 million in the first quarter of 2002 from $4.2 million in the first quarter of 2001 due to more restaurants being operated in the first quarter of 2002. Occupancy expenses as a percentage of sales increased 0.4% to 6.9% in the first quarter of 2002 from 6.5% in the first quarter of 2001, primarily from higher occupancy expenses on new restaurants opened in 2002 and 2001 as well as the restaurants acquired in the first quarter 2002.

Restaurant closures and impairment. There were no impairments in either the first quarter of 2002 or the first quarter of 2001.

Depreciation and amortization. Depreciation and amortization increased $447,000, or 14.2%, to $3.6 million in the first quarter of 2002 from $3.2 million in the first quarter of 2001. The increase was primarily due to the additional depreciation on six new restaurants opened during 2001, 10 restaurants acquired in the first quarter of 2002 and two new restaurants opened in the first quarter of 2002. Depreciation and amortization expenses as a percentage of total revenues decreased 0.2% to 4.5% in the first quarter of 2002 from 4.7% in the first quarter of 2001. The decrease was primarily due to the change in accounting rules that resulted in ceasing amortization of goodwill at the beginning of 2002.

General and administrative. General and administrative expenses increased by $1.2 million, or 25.7%, to $5.7 million in the first quarter of 2002 from $4.5 million in the first quarter of 2001. General and administrative expenses as a percentage of total revenues increased 0.5% to 7.2% in the first quarter of 2002 from 6.7% in the first quarter of 2001. These increases were primarily a result of a large marketing program in the first quarter of 2002, which included television and radio spots in many parts of the country. There was no related marketing program in 2001. The increase in marketing costs was 0.5% of sales.

Franchise development. Franchise development expenses decreased $248,000 to $1.4 million in the first quarter of 2002 from $1.6 million in the first quarter of 2001 and decreased 0.7% as a percentage of total revenues to 1.7% in the first quarter of 2002 from 2.4% in the first quarter of 2001. The decrease in franchise development expenses was primarily due to the write-off of receivables from one franchisee who filed for bankruptcy in the first quarter of 2001.

Pre-opening costs. Pre-opening costs increased by $511,000 to $516,000 in the first quarter of 2002 from $5,000 in the first quarter of 2001. The increase was due in part to opening two new restaurants in the first quarter of 2002. In addition, because pre-opening costs are expensed as incurred, we had increased pre-opening expenses in the first quarter of 2002 relating to two additional restaurants opened early in the second quarter of 2002. We did not open any restaurants in the first quarter of 2001.

Interest expense. Interest expense decreased by $283,000, or 11.3%, to $2.2 million in the first quarter of 2002 from $2.5 million in the first quarter of 2001. The decrease was due primarily to a reduction in the interest rate of our variable rate debt, which was an average interest rate of 5.3% in the first quarter of 2002 compared to 8.7% in the first quarter of 2001. In addition, we had a 1.2% reduction in average outstanding debt during the first quarter of 2002 compared to the first quarter of 2001.

Interest income. Interest income decreased by $108,000 to $100,000 in the first quarter of 2002 from $208,000 in the first quarter of 2001. Interest income as a percentage of total revenues was 0.1% in the first quarter of 2002 and 0.3% in the first quarter of 2001. The decreases were directly related to the average cash balance, 38.9% lower in the first quarter of 2002 than in the first quarter of 2001. In addition, lower interest rates reduced our earnings on those balances.

Other expense. Other expense, which principally includes holding costs associated with real estate held for sale, decreased $38,000, or 59.7%, to $25,000 in the first quarter of 2002 from $63,000 in the first quarter of 2001. The reduction was primarily related to the disposal of two properties during 2001, which represented nearly half the total real estate held for sale in the first quarter of 2001. Other expense as a percentage of total revenues was 0.0% in the first quarter of 2002 and 0.1% in the first quarter of 2001.

Income before income taxes. Income before income taxes increased $1.1 million, or 38.9%, to $3.9 million in the first quarter of 2002 from $2.8 million in the first quarter of 2001. Income before income taxes as a percentage of total revenues was 4.9% in the first quarter of 2002 and 4.1% in the first quarter of 2001. The increases were due to increased sales and proportionately lower operating costs and the combination of general and administrative costs and franchise development cost.

Provision for income taxes. The provision for income taxes increased $473,000, or 52.5%, to $1.4 million in the first quarter of 2002 from $901,000 in the first quarter of 2001. The provision for income taxes as a percentage of total revenues was 1.7% in the first quarter of 2002 and 1.3% in the first quarter of 2001. The increases were due primarily to a higher effective tax rate resulting from our increased earnings.

Net income. Net income increased by $604,000, or 32.3%, to $2.5 million in the first quarter of 2002 from $1.9 million in the first quarter of 2001. Net income as a percentage of total revenues increased to 3.1% in the first quarter of 2002 from 2.8% in the first quarter of 2001.

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 costs were 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. We had lower general and administrative expenses in 2001 due to a reduction in the number of managers in training from 2000. General and administrative expenses as a percentage of total revenues decreased to 7.5% in 2001 from 9.0% in 2000. This decrease was primarily a result of increasing the number of our restaurants without proportionately increasing general and administrative costs or administrative personnel.

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. This decrease was primarily a result of increasing the number of our restaurants without proportionately increasing general and administrative costs or administrative personnel.

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. As of December 30, 2001, we had $47.3 million outstanding and as of April 21, 2002, we had $46.5 million outstanding with Finova Capital. 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 $47.9 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 and as of April 21, 2002, we had $9.6 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 and as of April 21, 2002, we had $22.3 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 EBITDA 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 $2.1 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. As of April 21, 2002, we had not made any borrowings under the U.S. Bank revolving credit facility. As of May 19, 2002, we had $3.5 million of indebtedness outstanding under this credit facility. 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 $3.5 million of the proceeds of this offering to repay the outstanding amounts under this revolving credit facility.

For the first quarter of 2002, net cash flows from operating activities were $5.8 million compared to $5.0 million in the first quarter of 2001, or an increase of $0.8 million. This increase was primarily due to higher net income. 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.

In the first quarter of 2002, we used $17.0 million of net cash for investing activities compared to $3.3 million in the first quarter of 2001. During the first quarter of 2002, we spent $10.1 million for the acquisition of Western Franchise Development, Inc. and the acquisition of the assets of three restaurants from Le Carnassier LLC, and $6.8 million for new restaurant construction, remodels and capital maintenance, while in the first quarter of 2001, we used approximately $3.4 million for new restaurant construction, remodels and capital maintenance. 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. Throughout the remainder of 2002, we expect to spend approximately $13.0 to $14.0 million for new restaurants and approximately $3.0 to $4.0 million for restaurant remodels and capital maintenance.

Net cash used by financing activities was $1.3 million in the first quarter of 2002, primarily for payments on long-term debt. Net cash provided by financing activities was $4.0 million in the first quarter of 2001, from borrowings of $5.4 million, offset by $1.4 million of debt repayments. 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 4,310,344 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 775,862 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.

Other commitments

Contractual Obligations	Payments Due As of December 30, 2001				
	Total	Less Than 1 year	1-3 years	3-5 years	After 5 years
	(in thousands)				
Term loan and notes payable(1)	$ 66,835	$ 4,635	$ 9,499	$ 12,366	$ 40,336
Capital lease obligations	13,252	443	795	1,098	10,917
Operating lease obligations	107,315	9,676	18,654	16,300	62,686

(1) We intend to repay $48.1 million of this amount with the net proceeds of this offering.

We are obligated under non-cancelable operating leases for our restaurants and our administrative offices. Lease terms are generally for ten to 20 years with renewal options and generally require us to pay a proportionate share of real estate taxes, insurance, common area and other operating costs. Some restaurant leases provide for contingent rental payments based on sales thresholds.

In accordance with the provisions of our employment agreement with Mike Snyder, in the event his employment is terminated due to death or disability, his estate has the right to require us to purchase common stock held by the estate having a fair market value of up to $5.0 million. If this event occurs, we may use our $5.0 million supplemental key man life insurance policy on Mike Snyder's life to purchase the common stock from his estate. This commitment is not reflected in the table above. See "Management—Employment Agreements" for additional information.

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. As of May 19, 2002, we had $3.5 million outstanding 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, and did not have a material impact on our consolidated financial statements.

In April 2002, FASB issued SFAS 145 "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections". SFAS No. 145 provides new guidance on the criteria used to classify debt extinguishments as extraordinary items and requires sale-leaseback accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. SFAS No. 145 is effective beginning in 2003. The effect to our consolidated financial statements of adopting this standard, if any, has not yet been determined.

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 May 19, 2002, we owned and operated 90 restaurants in 12 states, and had 98 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, kids ages eight to 12 whom we refer to as 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 approximately 28.0% of our guests are in the highly desirable under 18 consumer segment, which is 40.0% more than major casual dining bar and grill chains and more than major fast food burger competitors. In addition, approximately 57.0% of our guests are females. 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 comparable restaurant-level operating profit margins from 15.8% in 1995 to 20.5% 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, and land. In 2000, our comparable company-owned restaurants generated average sales of approximately $2.9 million and restaurant-level operating profit of approximately $533,000, or 18.4% of total comparable company-owned restaurant sales. The average cash investment cost for our free-standing restaurants opened in 2000 was approximately $1.8 million, excluding pre-opening costs, which averaged approximately $144,000 per restaurant, and land.

- *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 have opened four new company-owned restaurants and expect to open an additional six new company-owned restaurants and relocate one restaurant, and our franchisees have opened four new restaurants and we expect our franchisees to open three additional 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. In 2002, we have opened four new company-owned restaurants in our existing regional markets. We plan to open approximately an additional six new restaurants and relocate one restaurant in 2002, all of which are also in our existing regional markets. 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. In 2002 our franchises have opened four new restaurants and our contracts with our franchisees currently provide for the development of three additional 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, and land. In 2000, our comparable company-owned restaurants generated average sales of approximately $2.9 million and restaurant-level operating profit of approximately $533,000, or 18.4% of total comparable company-owned restaurant sales. The average cash investment cost for our free-standing restaurants opened in 2000 was approximately $1.8 million, excluding pre-opening costs, which averaged approximately $144,000 per restaurant, and land.

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 ten 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 May 19, 2002, we had 90 company-owned restaurants and 98 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	2	3	5
California	31	15	46
Colorado	14	–	14
Florida	–	1	1
Idaho	–	3	3
Illinois	–	5	5
Indiana	1	–	1
Maryland	4	–	4
Michigan	–	8	8
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	5	–	5
Washington	16	11	27
Wisconsin	–	1	1
Total United States	90	77	167
Canada	–	21	21
Total	90	98	188

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 currently on our menu 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 May 19, 2002, we had 22 franchisees that operated 98 restaurants in 19 states and two Canadian provinces. Of the 22 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. In 2002, our francisees have opened four new restaurants and we expect our franchisees to open three additional new restaurants. The success of our current franchisees and the popularity of our concept have created significant interest by potential franchisees. In 2002, we have added three new franchisees who have agreed to develop 19 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 six 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 six 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 may charge lower development fees and franchise fees for existing franchisees. 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 May 19, 2002, we have approximately 8,200 employees, who we refer to as team members, consisting of approximately 8,100 team members at company-owned restaurants and 76 team members at our corporate headquarters. During our higher volume summer months, we experience an increase in the number of hourly team members in our restaurants of approximately 10.0%. 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; North Olmstead, Ohio; and sites under development in Peoria and Prescott, Arizona. 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 May 19, 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:		
Tasuku 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.

Tasuku 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.

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 Tasuku 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 1.9 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 approximately 793,647 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 775,862 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 517,241 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 at the lower of the price paid by Mr. Snyder for the shares acquired by him upon the early exercise of stock options or the fair market value of these shares on the date that we exercise our right of repurchase. This right lapses as the shares underlying the original options vest. An aggregate of 379,310 shares acquired by Mr. Snyder vest based on internal rate of return calculations to be applied upon the sale of 100% of our common stock, our initial public offering or on December 31, 2003 based upon the satisfaction of specified EBITDA targets applied annually on each of the preceding three years. Any shares that remain unvested under the EBITDA targets or the internal rate of return calculations will vest on April 15, 2007. An additional 68,966 shares acquired by Mr. Snyder vested in May 2002 and the remaining 68,965 shares will vest in May 2003.

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 and $283,704 in the first quarter of 2002. 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 and $228,868 in the first quarter of 2002.

Pursuant to our employment agreement with Mr. Snyder, 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 $20,663 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 and $36,629 in the first quarter of 2002.

Transactions involving Mr. Harvey

In May 2000, we sold an aggregate of 4,310,344 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. Fees paid under this agreement were $78,000 in 2000 and $200,000 in 2001 and $100,000 in the first quarter of 2002. 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 345 shares of our common stock at an exercise price of $5.80 per share. These options are fully vested. In 2000, we granted Mr. Singer options to purchase 862 shares of our common stock at an exercise price of $5.80 per share and in 2001, we granted Mr. Singer options to purchase 862 shares of our common stock at an exercise price of $6.53 per share. These options vested immediately when granted.

As described in more detail below under "Stock Plans—2002 Stock Incentive Plan," we intend to adopt a 2002 stock incentive plan prior to the consummation of this offering. We expect that the 2002 stock incentive plan will provide that each person who is not one of our employees or officers and who becomes a member of our board of directors after the adoption of the plan will automatically be granted a stock option covering 5,000 shares of our common stock. Additionally, we expect that the 2002 stock incentive plan will provide that immediately following each annual meeting of our stockholders during the term of the plan and commencing in 2003, each member of our board of directors then continuing in office and who is not one of our employees or directors will automatically be granted a stock option covering 1,000 shares of our common stock. A director would not receive more than one option grant under these provisions in any one calendar year. The per share purchase price of each of these options would equal the fair market value of a share of our common stock determined under the plan at the time of grant of the option and the exercise price could be paid in cash, check, or by already-owned shares of our common stock. Each 5,000-share option grant is expected to have a two-year vesting schedule and each 1,000-share option grant is expected to have a one-year vesting schedule. These options would automatically vest upon a change of control, as that term is used for purposes of the plan. Our board of directors could amend these grant provisions under the plan from time to time without stockholder approval unless stockholder approval was required by law.

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	25,862	19.0%	$ 6.53	5/8/2011	274,875	437,694
	25,862	19.0	6.53	10/23/2011	274,875	437,694
Eric C. Houseman	8,621	6.3	6.53	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 136,361 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 $15.00 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	—	517,241	—	4,758,617
James P. McCloskey(2)	103,448	34,483	951,722	317,244
Michael E. Woods	43,103	103,448	396,548	951,722
Robert J. Merullo	—	86,207	—	793,104
Todd A. Brighton	—	51,724	—	438,102
Eric C. Houseman	3,448	22,414	31,722	199,915

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

(2) Excludes options to purchase 34,483 shares of our common stock that we granted to Mr. McCloskey in January 2002.

Stock plans

As of May 19, 2002, our employees held outstanding stock options for the purchase of up to 504,466 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 May 19, 2002, 229,742 of those options had vested and the balance were not vested. The exercise prices of those options ranged from $5.80 per share to $7.25 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.

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 504,466 shares that were subject to outstanding employee stock options as of May 19, 2002, 71,035 shares remained subject to awards then outstanding under our 1990 stock option plan, 149,828 shares remained subject to awards then outstanding under our 1996 stock option plan and 283,603 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.

We expect that a total of approximately 900,000 shares of common stock will be authorized for issuance with respect to awards granted under the 2002 stock incentive plan. 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 30.0% 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 one year and who are regularly scheduled to work more than twenty hours per week 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. We expect that the first offering period will be a short offering period and will commence after this offering and will end December 31, 2002. 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.

We expect that a total of approximately 300,000 shares of our common stock will be available under our employee stock purchase plan. 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. Subject to this $25,000 limit, our board of directors may impose other purchase limits under the plan from time to time. 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. Mr. Woods' current base annual salary is $208,739.

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 1.9 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, $5.1 million in debentures repaid by us in August 2001, $18,870 in debentures repaid by us in May 2001 and 793,647 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 69,340 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 69,340 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, $2.1 million in debentures repaid by us in August 2001, $9,435 in debentures repaid by us in May 2001 and 396,824 shares of our common stock.

Transactions with Quad-C

In May 2000, we sold an aggregate of 4,310,344 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. Fees paid under this agreement were $78,000 in 2000 and $200,000 in 2001 and $100,000 in the first quarter of 2002. 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 775,862 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 146,552 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 517,241 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 172,415 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 86,207 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 146,551 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 at the lower of the price paid by the executive officers for the shares acquired by them upon the early exercise of their stock options or the fair market value of these shares on the date that we exercise our right of repurchase. This right lapses as the shares underlying the original options vest. A total of 379,310 shares acquired by Mr. Snyder, 103,448 shares acquired by Mr. Woods, 34,483 shares acquired by Mr. McCloskey and 86,207 shares acquired by Mr. Merullo vest based on internal rate of return calculations to be applied upon the sale of 100% of our common stock, our initial public offering or on December 31, 2003 based upon the satisfaction of specified EBITDA targets applied annually on each of the preceding three years. Any shares that remain unvested under the EBITDA targets or the internal rate of return calculations will vest on April 15, 2007. In addition, an additional 68,966 shares acquired by Mr. Snyder vested in May 2002 and the remaining 68,965 shares will vest in May 2003. Finally, 11,494 shares acquired by Mr. McCloskey will vest in January 2004, an additional 11,494 shares will vest in January 2005 and the remaining 11,495 shares will vest in January 2006.

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.

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	1,483,302
RR Investors, LLC(2)	4,144,562
RR Investors II, LLC(3)	165,782
Skylark Co., Ltd.	1,603,448
Hibari Guam Corporation	775,862
Gaishoku System Kenkyujo Company, Ltd. (Gaiken)	775,862
Kiwamu Yokokawa(4)	68,966
Gerald R. Kingen	345,345
Stephen S. Snyder, as trustee of the Stephen S. Snyder Intervivos Trust	793,648
Michael E. Woods	212,444
Robert J. Merullo	150,375
Shamrock Investment Company	137,548
George D. Hansen	8,750
Deborah Hansen	8,564
Beverly C. Brown	9,265
L.V. Brown, Jr.	10,437
Chelsea Merullo(5)	1,724
Jaclynn Merullo(5)	1,724
Robert John Merullo, Jr.(5)	1,724
Julia Woods(6)	1,724
Marielle Woods(6)	1,724
Total	10,702,780

(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 68,966 shares of common stock issuable pursuant to stock options, all of which are currently exercisable.

(5) Robert J. Merullo controls the disposition of these shares held by his minor children and the exercise of the registration rights.

(6) Michael E. Woods controls the disposition of these shares held by his minor children and the exercise of the registration rights.

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 and $283,704 in the first quarter of 2002. 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 and $288,868 in the first quarter of 2002.

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 $20,663 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 775,862 shares of our common stock to Hibari Guam Corporation, an affiliate of Skylark Co., Ltd., which holds in excess of 5.0% of our common stock, 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 11,025,654 shares of common stock outstanding as of May 19, 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)	4,144,562	37.6%	—	4,144,562	27.6%
Skylark Co., Ltd.(4)	2,379,310	21.6	21,172	2,358,138	15.7
Stephen S. Snyder, as trustee of the Stephen S. Snyder Intervivos Trust(5)	793,648	7.2	120,000	673,648	4.5
Gaishoku System Kenkyujo Company, Ltd. (Gaiken)(6)	775,862	7.0	775,862	—	—
Hibari Guam Corporation(7)	775,862	7.0	21,172	754,690	5.0
Michael J. Snyder	1,483,302	13.5	—	1,483,302	9.9
James P. McCloskey(8)	172,412	1.6	—	172,412	1.1
Michael E. Woods(9)	215,892	2.0	—	215,892	1.4
Robert J. Merullo(10)	155,547	1.4	—	155,547	1.0
Todd A. Brighton	—	—	—	—	—
Eric C. Houseman(11)	17,241	*	—	17,241	*
Tasuku Chino(12)	—	—	—	—	—
Terrence D. Daniels(13)	4,310,344	39.1	—	4,310,344	28.7
Edward T. Harvey(14)	4,310,344	39.1	—	4,310,344	28.7
Gary J. Singer(15)	5,518	*	—	5,518	*
Directors and Executive Officers as a group (10 persons)(16)	6,360,256	57.7	—	6,360,256	42.3
Gerald Kingen(17)	360,000	3.3	52,000	308,000	2.0
Kiwamu Yokokawa(18)	68,966	*	68,966	—	—

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

(1) This table gives effect to the 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 May 19, 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) 4,144,562 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. This amount excludes 165,782 shares of common stock held by RR Investors II, LLC. See footnotes 13 and 14, below, for more information regarding RR Investors II. The address of this stockholder is c/o Quad-C Management, Inc., 230 East High Street, Charlottesville, Virginia 22902.

(4) Includes 775,862 shares of common stock held by Hibari Guam Corporation, an indirect wholly owned subsidiary of Skylark Co., Ltd. In this offering, Hibari Guam Corporation will sell 21,172 shares of common stock. 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) If the over-allotment option is exercised in full, Mr. Snyder will own 672,638 shares of common stock after the offering. 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) If the over-allotment option is exercised in full, Hibari Guam Corporation will not own any shares after the offering. Hibari Guam Corporation's address is 9999 South Marine Drive, Temuning, Guam 96911.

(8) Includes 3,034 shares held by the Claire C. McCloskey Trust, 3,034 shares held by the Megan L. McCloskey Trust and 3,034 shares held by the James P. McCloskey, Jr. Trust, the sole beneficiaries of which are Mr. McCloskey's children. This amount also includes 11,586 shares held by the James P. McCloskey Retained Annuity Trust.

(9) Includes an aggregate of 3,448 shares held by Mr. Woods' minor children.

(10) Includes an aggregate of 5,172 shares held by Mr. Merullo's minor children.

(11) Consists of 3,448 shares of common stock subject to options exercisable within 60 days of May 19, 2002 and 13,793 shares of common stock subject to performance-vested options which we expect to become exercisable upon consummation of the offering.

(12) Excludes 775,862 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 2,379,310 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.

(13) Consists of 4,144,562 shares of common stock held by RR Investors, LLC and 165,782 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.

(14) Consists of 4,144,562 shares of common stock held by RR Investors, LLC and 165,782 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.

(15) Includes 2,759 shares of common stock subject to options exercisable within 60 days of May 19, 2002.

(16) Includes 6,207 shares of common stock subject to options exercisable within 60 days of May 19, 2002 and 13,793 shares of common stock subject to performance-vested options which we expect to become exercisable upon consummation of the offering.

(17) Includes 14,655 shares held by Mr. Kingen's minor child.

(18) Consists of 68,966 shares of common stock subject to options exercisable within 60 days of May 19, 2002. Mr. Yokokawa has notified us that he intends to exercise these options prior to the offering.

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 filing of our amended and restated certificate of incorporation, our authorized capital stock will consist of 50,000,000 shares of common stock, $0.001 par value per share, and 5,000,000 shares of preferred stock, $0.001 par value per share. As of May 19, 2002, there were 11,025,654 shares of common stock outstanding, held of record by 75 stockholders, and options to purchase 504,466 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 5,000,000 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 May 19, 2002, the stockholders with these registration rights held an aggregate of 10,633,814 shares of our common stock and options to purchase an aggregate of 68,966 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;
- do not provide for 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 have applied 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 15,025,654 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 11,025,654 shares of common stock held by existing stockholders as of May 19, 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. Our directors, officers and affiliates, who together will own a majority of the shares of our common stock outstanding after the offering, 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 150,257 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 May 19, 2002, an aggregate of approximately 666,927 shares qualified as 144(k) shares which are not otherwise restricted.

Registration rights

Upon completion of this offering, holders of 10,702,780 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 and stock plans

Immediately after the offering, we intend to file registration statements under the Securities Act covering:

- up to 504,466 shares of common stock reserved for issuance upon exercise of options outstanding as of May 19, 2002;
- up to 1,475,690 shares of common stock that may be issued with respect to awards that may be granted in the future under our stock option plans; and
- up to 300,000 shares of common stock that may be issued to our employees pursuant to our employee stock purchase plan.

We expect the registration statements to be filed and become effective as soon as practicable after the closing of the offering. Shares registered under these registration statements will, once issued, be available for sale in the open market after the effective date of the applicable registration statement, subject to prohibitions on sales or transfers for a period of 180 days after the date of this prospectus under lock-up arrangements that we have entered into with some holders of these securities, or that some holders have entered into with the underwriters, and subject to the timing and volume limitations of Rule 144 with regard to our affiliates or Rule 701 under the Securities Act.

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	5,038,000

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 755,700 additional shares of common stock from some of 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 $1.2 million.

Our directors, officers and affiliates, who together will own a majority of the shares of our common stock outstanding after the offering, 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 have applied 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.

The selling stockholders may be deemed to be "underwriters" within the meaning of Section 2(11) of the Securities Act in connection with the sales of shares and will be subject to the prospectus delivery requirements of the Securities Act.

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 2,759 shares of our common stock and options to purchase 2,759 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.

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 and for the fifth paragraph of note 15,
as to which the date is June 4, 2002

RED ROBIN GOURMET BURGERS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31, 2000	December 30, 2001	Apri 21, 2002 (unaudited)
Assets			
Current Assets:			
Cash and cash equivalents	$ 8,316,826	$ 18,992,153	$ 6,546,609
Accounts receivable, net	3,398,531	2,697,197	1,759,508
Inventories	2,607,272	2,745,898	3,070,691
Prepaid expenses and other current assets	1,866,486	2,072,715	1,969,917
Income tax refund receivable	1,045,494	25,379	—
Deferred tax asset	3,371,444	1,667,165	1,666,888
Restricted current assets—marketing funds	834,121	680,607	149,509
Total current assets	21,440,174	28,881,114	15,163,122
Real estate held for sale	3,696,574	842,496	1,892,496
Property and equipment, net	72,159,703	82,451,120	91,426,758
Deferred tax asset	8,172,572	8,652,382	8,188,128
Goodwill, net	23,114,528	22,554,777	25,666,132
Other assets, net	12,300,847	11,059,097	11,851,810
Total assets	$ 140,884,398	$ 154,440,986	$ 154,188,446

See Notes to Consolidated Financial Statements.

RED ROBIN GOURMET BURGERS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31, 2000	December 30, 2001	April 21, 2002 (unaudited)
Liabilities and Stockholders' Equity			
Current Liabilities:			
Trade accounts payable	$ 5,004,767	$ 5,669,512	$ 6,400,657
Accrued payroll and payroll-related liabilities	4,951,330	7,254,058	6,968,507
Unredeemed gift certificates	2,237,199	2,341,504	1,940,474
Accrued liabilities	6,209,630	7,200,640	6,091,692
Accrued liabilities—marketing funds	834,121	680,607	149,509
Current portion of long-term debt	4,387,221	5,077,515	4,659,936
Total current liabilities	23,624,268	28,223,836	26,210,775
Deferred rent payable	3,761,506	4,229,199	4,419,729
Long-term debt	74,025,280	75,009,577	74,083,144
Commitments and contingencies (note 10)	—	—	—
Stockholders' Equity:			
Common stock, $.001 par value: 50,000,000 shares authorized; 10,076,343, 10,090,312 and 10,090,485 (unaudited) shares issued and outstanding, respectively	10,076	10,090	10,090
Preferred stock, $.001 par value: 1,000,000 shares authorized; no shares issued and outstanding	—	—	—
Additional paid-in capital	53,373,858	53,454,868	53,744,568
Deferred compensation	—	—	(268,808)
Note receivable from stockholder/officer	(300,000)	(600,000)	(600,000)
Accumulated deficit	(13,610,590)	(5,886,584)	(3,411,052)
Total stockholders' equity	39,473,344	46,978,374	49,474,798
Total liabilities and stockholders' equity	$ 140,884,398	$ 154,440,986	$ 154,188,446

See Notes to Consolidated Financial Statements.

RED ROBIN GOURMET BURGERS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended			Quarter Ended	
	December 26, 1999	December 31, 2000	December 30, 2001	April 22, 2001	April 21, 2002
				(unaudited)	(unaudited)
Revenues:					
Restaurant	$ 121,430,239	$ 180,413,546	$ 214,963,264	$ 64,571,686	$ 76,316,992
Franchise royalties and fees	8,248,810	8,247,439	9,002,090	2,821,838	2,757,151
Rent revenue	333,101	509,514	519,408	120,025	126,918
Total revenues	130,012,150	189,170,499	224,484,762	67,513,549	79,201,061
Costs and Expenses:					
Restaurant operating costs:					
Cost of sales	30,158,666	43,945,312	50,913,947	15,952,422	17,896,612
Labor	43,503,825	64,565,631	74,853,721	22,638,733	27,427,930
Operating	19,429,491	27,959,620	33,194,842	10,316,432	11,412,408
Occupancy	7,997,915	11,519,135	14,785,060	4,166,616	5,282,328
Restaurant closures and impairment	(330,000)	1,302,186	36,359	—	—
Depreciation and amortization	5,394,203	8,065,141	10,491,058	3,152,425	3,599,192
General and administrative	13,434,319	17,116,344	16,844,988	4,544,588	5,711,748
Franchise development	2,508,426	3,386,169	3,703,485	1,610,027	1,361,654
Pre-opening costs	770,597	2,506,387	920,845	5,354	516,540
Total costs and expenses	122,867,442	180,365,925	205,744,305	62,386,597	73,208,412
Income from operations	7,144,708	8,804,574	18,740,457	5,126,952	5,992,649
Other (Income) Expense:					
Interest expense	4,155,967	6,482,028	7,850,101	2,499,370	2,217,050
Interest income	(185,912)	(741,521)	(746,344)	(208,015)	(99,858)
Other	390,971	190,715	190,437	63,227	25,461
Total other expense	4,361,026	5,931,222	7,294,194	2,354,582	2,142,653
Income before income taxes	2,783,682	2,873,352	11,446,263	2,772,370	3,849,996
(Provision) benefit for income taxes	1,595,989	12,557,195	(3,722,257)	(901,020)	(1,374,464)
Net income	$ 4,379,671	$ 15,430,547	$ 7,724,006	$ 1,871,350	$ 2,475,532
Net Income Per Share:					
Basic	$ 1.47	$ 2.07	$ 0.77	$ 0.19	$ 0.25
Diluted	$ 1.47	$ 2.07	$ 0.75	$ 0.18	$ 0.23
Weighted Average Shares Outstanding:					
Basic	2,971,407	7,443,893	10,085,468	10,076,416	10,090,419
Diluted	2,971,407	7,443,893	10,235,917	10,169,596	10,649,738

See Notes to Consolidated Financial Statements.

RED ROBIN GOURMET BURGERS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

	Common Stock		Additional Paid-In Capital	Deferred Compensation	Note Receivable from Stockholder/ Officer	Accumulated Deficit	Total
	Shares	Amount					
Balance, December 27, 1998	2,970,578	$ 2,970	$14,127,325	—	—	$(33,420,808)	$(19,290,513)
Options exercised for common stock	8,620	9	49,991	—	—	—	50,000
Net income	—	—	—	—	—	4,379,671	4,379,671
Balance, December 26, 1999	2,979,198	2,979	14,177,316	—	—	(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	7,090,421	7,090	39,157,549	—	—	—	39,164,639
Options exercised for common stock	6,724	7	38,993	—	—	—	39,000
Issuance of note receivable-stockholder/officer	—	—	—	—	(300,000)	—	(300,000)
Net income	—	—	—	—	—	15,430,547	15,430,547
Balance, December 31, 2000	10,076,343	10,076	53,373,858	—	(300,000)	(13,610,590)	39,473,344
Common stock issued	9,659	10	56,014	—	—	—	56,024
Options exercised for common stock	4,310	4	24,996	—	—	—	25,000
Issuance of note receivable-stockholder/officer	—	—	—	—	(300,000)	—	(300,000)
Net income	—	—	—	—	—	7,724,006	7,724,006
Balance, December 30, 2001	10,090,312	10,090	53,454,868	—	(600,000)	(5,886,584)	46,978,374
Deferred compensation (unaudited)	—	—	288,700	(288,700)	—	—	—
Amortization of deferred compensation (unaudited)	—	—	—	19,892	—	—	19,892
Options exercised for common stock (unaudited)	173	—	1,000	—	—	—	1,000
Net income (unaudited)	—	—	—	—	—	2,475,532	2,475,532
Balance, April 21, 2002 (unaudited)	10,090,485	$10,090	$53,744,568	$ (268,808)	$ (600,000)	$ (3,411,052)	$ 49,474,798

See Notes to Consolidated Financial Statements

RED ROBIN GOURMET BURGERS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended			Quarter Ended	
	December 26, 1999	December 31, 2000	December 30, 2001	April 22, 2001	April 21, 2002
				(unaudited)	(unaudited)
Cash Flows From Operating Activities:					
Net income	$ 4,379,671	$ 15,430,547	$ 7,724,006	$ 1,871,350	$ 2,475,532
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:					
Stock-based compensation	—	—	—	—	19,892
Depreciation and amortization	5,394,203	8,065,141	10,491,058	3,152,425	3,599,192
Loss (gain) on sale of property and equipment	52,252	(61,832)	191,552	45,982	1,949
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	333,152	16,193
Provision (benefit) for deferred income taxes	(2,186,121)	(13,235,077)	1,224,469	(298,394)	937,795
Changes in operating assets and liabilities:					
Accounts receivable	(1,405,280)	(1,981,133)	531,837	287,102	921,871
Inventories	(347,042)	(1,051,706)	(138,626)	187,353	(206,003)
Prepaid expenses and other current assets	(187,668)	(906,078)	(206,229)	285,003	308,854
Income tax refund receivable	(133,879)	(254,491)	1,020,116	1,045,494	25,378
Other assets	(815,424)	345,880	72,192	(321,828)	(411,448)
Trade accounts payable and accrued liabilities	2,509,359	(1,486,592)	3,426,428	(1,714,004)	(2,079,270)
Deferred rent payable	272,365	660,741	467,693	126,428	190,530
Net cash provided by operating activities	7,307,168	8,099,842	25,539,171	5,000,063	5,800,465
Cash Flows From Investing Activities:					
Proceeds from sales of real estate, property and equipment	44,144	1,209,449	2,648,232	513,853	50,603
Purchases of property and equipment	(16,301,773)	(20,196,996)	(18,675,387)	(3,430,293)	(10,708,626)
Purchase of Western Franchise Development	—	—	—	—	(6,320,265)
Purchase of The Snyder Group Company	—	(1,572,900)	(56,024)	(56,024)	—
Issuance of notes receivable—stockholder/officer	—	(300,000)	(300,000)	(300,000)	—
Net cash used in investing activities	(16,257,629)	(20,860,447)	(16,383,179)	(3,272,464)	(16,978,288)
Cash Flows From Financing Activities:					
Proceeds from issuance of long-term debt	9,500,000	53,133,034	6,376,775	5,356,752	329,988
Debt issuance costs	—	(2,052,642)	(459,419)	—	—
Amortization of debt issuance costs	32,084	83,882	223,139	64,671	75,291
Payments of long-term debt and capital leases	(1,100,697)	(48,007,002)	(4,702,184)	(1,439,301)	(1,674,000)

(Continued)

See Notes to Consolidated Financial Statements.

RED ROBIN GOURMET BURGERS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended			Quarter Ended	
	December 26, 1999	December 31, 2000	December 30, 2001	April 22, 2001	April 21, 2002
				(unaudited)	(unaudited)
Repayment of debentures	—	(9,160,363)	—	—	—
Repayment of promissory note	—	(1,799,938)	—	—	—
Sale of common stock	50,000	23,704,333	81,024	56,124	1,000
Net cash provided by (used in) financing activities	8,481,387	15,901,304	1,519,335	4,038,246	(1,267,721)
Net increase (decrease) in cash and cash equivalents	$ (469,074)	$ 3,140,699	$ 10,675,327	$ 5,765,845	$ (12,445,544)
Cash and cash equivalents, beginning of period	5,645,201	5,176,127	8,316,826	8,316,826	18,992,153
Cash and cash equivalents, end of period	$ 5,176,127	$ 8,316,826	$ 18,992,153	$ 14,082,671	$ 6,546,609
Supplemental Disclosures, Including Non-Cash Transactions:					
Interest paid	$ 4,320,276	$ 6,536,349	$ 7,805,576	$ 2,561,472	$ 2,434,007
Income taxes paid, net	$ 590,132	$ 817,102	$ 1,600,000	$ —	359,000
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.

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. In 2001 and 2002, our first quarters ended on April 22 and April 21, respectively. Our first quarters include 16 weeks, and our second, third and fourth quarters each include 12 weeks. These quarterly financial statements are unaudited and reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the interim periods. The results of operations for the 16 week period ended April 21, 2002 are not necessarily indicative of the operating results to be expected for the full year.

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.

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. The effects of the adoption of SFAS No. 142 on intangible assets are described in Note 16.

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. This assessment is performed on a restaurant-by-restaurant basis. 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.

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

	Year Ended			Quarter Ended	
	December 26, 1999	December 31, 2000	December 30, 2001	April 22, 2001	April 21, 2002
				(unaudited)	(unaudited)
Net earnings	$ 4,379,671	$ 15,430,547	$ 7,724,006	$ 1,871,350	$ 2,475,532
Basic	2,971,407	7,443,893	10,085,468	10,076,416	10,090,419
Dilutive effect of stock options	—	—	150,449	93,180	559,319
Diluted weighted average shares outstanding	2,971,407	7,443,893	10,235,917	10,169,596	10,649,738
Earnings Per Share:					
Basic	$ 1.47	$ 2.07	$ 0.77	$ 0.19	$ 0.25
Diluted	$ 1.47	$ 2.07	$ 0.75	$ 0.18	$ 0.23

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.

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 did not have a material impact on the Company's financial statements.

In April 2002, FASB issued SFAS 145 "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections". SFAS No. 145 provides new guidance on the criteria used to classify debt extinguishments as extraordinary items and requires sale-leaseback accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. SFAS No. 145 is effective with the Company's fiscal year beginning in 2003. The effect to the Company of adopting this standard, if any, has not yet been determined.

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.

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.

Reclassification—The Company has reclassified the notes receivable-stockholder/officer as of December 31, 2000 and December 30, 2001 from non-current assets to stockholders' equity to conform to the current period presentation.

2. Franchise Acquisitions

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 1,889,708 shares of the Company's common stock, valued at $5.80 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 9,659 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, 862,069 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	$	1.91
Diluted	$	1.91

3. Accounts Receivable

Accounts receivable consists of the following at December 31, 2000, December 30, 2001 and April 21, 2002:

	2000	2001	April 21, 2002
			(unaudited)
Trade receivable due from franchisees	$ 1,794,023	$ 2,498,572	$ 950,065
Receivable from landlords	3,024,675	1,530,817	662,597
Other	187,416	232,856	410,357
	5,006,114	4,262,245	2,023,019
Allowance for doubtful accounts	(1,607,583)	(1,565,048)	(263,511)
Accounts receivable, net	$ 3,398,531	$ 2,697,197	$ 1,759,508

Activity in the allowance for doubtful accounts is as follows:

	1999	2000	2001
Allowance for doubtful accounts, beginning of period	$ 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 period	$ 335,327	$ 1,607,583	$ 1,565,048

4. Restricted Current Assets – Marketing Funds

Marketing funds consist of the following at December 31, 2000, December 30, 2001 and April 21, 2002:

	2000	2001	April 21, 2002
			(unaudited)
Cash	$ 300,935	$ 161,516	$ 2,891
Prepaids	345,971	281,593	—
Inventory	—	6,036	6,538
Accounts receivable from franchisees	187,215	231,462	140,080
Restricted current assets-marketing funds	$ 834,121	$ 680,607	$ 149,509

5. Property and Equipment

Property and equipment consists of the following at December 31, 2000, December 30, 2001 and April 21, 2002:

	Estimated Lives	2000	2001	April 21, 2002
				(unaudited)
Land		$ 6,880,518	$ 6,880,518	$ 6,880,518
Buildings	15 to 30 years	6,280,339	6,373,239	6,378,396
Furniture, fixtures and equipment	3 to 7 years	39,440,719	46,104,220	49,126,181
Leasehold improvements	Shorter of lease term or life	52,961,926	64,844,180	70,239,591
Restaurant property leased to others	3 to 30 years	8,784,584	8,784,584	8,792,552
Construction in progress		4,938,974	4,450,897	7,847,367
		119,287,060	137,437,638	149,264,605
Accumulated depreciation and amortization		(47,127,357)	(54,986,518)	(57,837,847)
Property and equipment, net		$ 72,159,703	$ 82,451,120	$ 91,426,758

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.

6. Other Assets

Other assets consist of the following at December 31, 2000, December 30, 2001 and April 21, 2002:

	2000	2001	April 21, 2002
			(unaudited)
Franchise rights	$ 5,800,000	$ 5,800,000	$ 8,600,000
Workforce	2,530,000	2,530,000	—
Loan fees	2,454,855	2,630,956	2,809,560
Note receivable	1,195,121	1,050,000	152,387
Deposits	322,129	252,009	289,493
Liquor licenses	771,723	919,925	1,066,251
Other	59,540	91,732	38,688
	13,133,368	13,274,622	12,956,379
Accumulated amortization	(832,521)	(2,215,525)	(1,104,569)
Other assets, net	$ 12,300,847	$ 11,059,097	$ 11,851,810

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. The Company adopted SFAS 141 effective with the beginning of fiscal 2002 and such adoption resulted in the reclassification to goodwill of the carrying amount of workforce assets totaling approximately $1.2 million.

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 restaurant reserves account is as follows:

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

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.

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.

The Company has an employment agreement with its President, Mike Snyder. This agreement specifies that if Mr. Snyder is terminated without cause, he is entitled to his base salary for one year, the bonus he would have received on the next bonus payment date, and participation in the Company's health and welfare benefit plans for himself and his family for one year.

Mr. Snyder's base salary as of December 30, 2001 was $330,750. In accordance with the provisions of the employment agreement, in the event his employment is terminated due to death or disability, his estate shall have the right to require the Company to purchase common stock held by the estate having a fair market value of up to $5.0 million. If this event would occur, the Company may use its $5.0 million supplemental key man life insurance to make such a purchase.

The Company also has an employment agreement with its Senior Vice President, Mike Woods. This agreement specifies that if Mr. Woods is terminated without cause, he is entitled to severance pay equal to his base salary for one year. Mr. Woods' base salary as of December 30, 2001 was $208,739.

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.

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, $803,198 in 2001, $162,461 in the first quarter of 2001, and $283,704 in the first quarter of 2002. 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, $849,801 in 2001, $275,646 in the first quarter of 2001, and $228,868 in the first quarter of 2002.

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 collateralized by shares of the Company's common stock 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, $132,711 in 2001, $27,899 in the first quarter of 2001, and $36,629 in the first quarter of 2002.

13. Stockholders' Equity

On May 11, 2000, the Company sold 4,310,344 newly issued shares of common stock to Quad-C for $5.80 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 Hibari Guam Corporation, an affiliate of the Company, into 775,862 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 241,379 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 327,586 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 1,534,483 shares of common stock.

The 2000 Plan reserves 1,131,724 shares of the Company's common stock for option awards to employees. Options to acquire a total of 1,030,027 shares of the Company's common stock have been granted through December 30, 2001 under the 2000 Plan. Of the total, 6,207 were vested at December 30, 2001, 103,190 will vest in 2002, 164,328 will vest in 2003, and 756,482 will vest in 2004. Certain financial performance targets, as defined, may accelerate vesting.

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	533,828	$ 5.80	539,689	$ 5.80	1,413,138	$ 5.80
Granted	118,448	5.80	959,914	5.80	136,361	6.53
Canceled	(103,966)	5.80	(79,741)	5.80	(132,223)	5.80
Exercised	(8,621)	5.80	(6,724)	5.80	(4,310)	5.80
Outstanding at end of year	539,689	$ 5.80	1,413,138	$ 5.80	1,412,966	$ 5.86

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.

In January 2002, options were granted at an exercise price below the fair value of the Company's common stock resulting in deferred compensation totaling $288,700. Stock-based compensation charged to operations for the quarter ended April 21, 2002 is $19,892 (unaudited).

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 Earnings Per Share:	As reported	$ 1.47	$ 2.07	$ 0.77
	Proforma	$ 1.41	$ 1.74	$ 0.73
Diluted Earnings Per Share:	As reported	$ 1.47	$ 2.07	$ 0.75
	Proforma	$ 1.41	$ 1.74	$ 0.72

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 6,207 exercisable options to purchase shares of common stock under the 2000 Plan: 517 at a price of $5.80 per share and 5,690 at a price of $6.53 per share. Options to purchase 262,759 shares of common stock at a price of $5.80 per share were exercisable under the 1996 Stock Plan, and options to purchase 174,483 shares of common stock at a price of $5.80 per share were exercisable under the 1990 Stock Plan. There were 303,522 and 471,069 options to purchase shares of common stock at a price of $5.80 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 $1.59, $2.58, and $2.52 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, the Company acquired all of the outstanding stock of Western Franchise Development, Inc. (WFD) for $6.3 million in cash. The purchase is subject to adjustment based upon WFD's net worth at the date of closing, as defined. WFD operated six restaurants in Northern California under franchise agreements with the Company. The Company accounted for this 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. This acquisition was not material to the Company's financial statements.

On January 28, 2002, RRI acquired the assets of two restaurants in Missouri and Ohio from a franchisee for $2.8 million in cash. 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. This acquisition was not material to the Company's financial statements.

On April 25, 2002, officers of the Company early exercised options to acquire 775,862 shares and exercised fully vested options to acquire 146,552 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.

On April 25, 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.

On June 4, 2002, the Company's shareholders approved a 1 for 2.9 reverse stock split. All share and per share amounts herein have been adjusted to reflect this reverse stock split as of the beginning of the first period presented.

16. Adoption of New Accounting Pronouncement

The Company adopted SFAS No. 142 at the beginning of fiscal year 2002. The following footnote has been prepared in accordance with the disclosure provisions of SFAS No. 142. On January 14, 2002, the Company acquired Western Franchise Development (see Note 15). The Company recorded franchise rights of $2,800,000 related to this acquisition and is amortizing these rights over 20 years. As of April 21, 2002, the Company had amortization of $32,308 related to these rights. The Company also assigned $2,416,931 of the purchase price to goodwill.

	April 21, 2002	
	Gross Carrying Amount	Accumulated Amortization
	(unaudited)	(unaudited)
Amortized intangible assets		
Franchise rights	$ 8,600,000	$ (530,514)
Liquor licenses	850,904	(283,417)
Total	$ 9,450,904	$ (813,931)

Aggregate Amortization Expense:	
For the quarter ended 4/21/02 (unaudited)	176,066
Estimated Amortization Expense:	
For year ended 12/29/02	$584,327
For year ended 12/28/03	576,053
For year ended 12/26/04	551,164
For year ended 12/25/05	532,490
For year ended 12/31/06	486,758

The changes in the carrying amount for goodwill for the quarter ended April 21, 2002 are as follows:

	Total
Balance as of December 31, 2001	$ 22,554,777
Goodwill acquired during year (unaudited)	2,416,931
Reclassification from other intangibles (unaudited)	694,424
Balance as of April 21, 2002 (unaudited)	$ 25,666,132

The adoption of SFAS No. 142 resulted in the reclassification to goodwill of the carrying amount of workforce assets totaling approximately $1.2 million.

	For the Year Ended			Quarter Ended	Quarter Ended
	December 26, 1999	December 31, 2000	December 30, 2001	April 22, 2001	April 21, 2002
				(unaudited)	(unaudited)
Reported net income	$ 4,379,671	$ 15,430,547	$ 7,724,006	$ 1,871,350	$ 2,475,532
Add back: goodwill amortization	0	485,479	535,745	165,699	0
Add back: workforce amortization	0	518,976	569,252	175,154	0
Adjusted net income	$ 4,379,671	$ 16,435,002	$ 8,829,003	$ 2,212,203	$ 2,475,532
Basic earnings per share:					
Reported net income	$ 1.47	$ 2.07	$ 0.77	$ 0.19	$ 0.25
Goodwill amortization	—	0.07	0.05	0.02	—
Workforce amortization	—	0.07	0.06	0.02	—
Adjusted net income	$ 1.47	$ 2.20	$ 0.88	$ 0.22	$ 0.25
Diluted earnings per share:					
Reported net income	$ 1.47	$ 2.07	$ 0.75	$ 0.18	$ 0.23
Goodwill amortization	—	0.07	0.05	0.02	—
Workforce amortization	—	0.07	0.06	0.02	—
Adjusted net income	$ 1.47	$ 2.20	$ 0.86	$ 0.21	$ 0.23

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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.

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.

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.

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.

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.

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.

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

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 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

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.

5,038,000 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	$ 8,529
NASD filing fee	6,500
Nasdaq National Market listing application fee	100,000
Blue sky qualification fees and expenses	10,000
Printing and engraving expenses	175,000
Legal fees and expenses	500,000
Accounting fees and expenses	275,000
Transfer agent and registrar fees	10,000
Miscellaneous	64,971
Total	$ 1,150,000

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.

None of the following sales of securities utilized any form of general advertisement or general solicitation.

1. On January 17, 2001, the Registrant issued 345 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 total number of shares of common stock of the Registrant issued in connection with the Reorganization was 10,090,311. 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 1,407,190 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 $5.80 to $7.25 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 113,903 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 172 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 517,241 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 172,415 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 146,551 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 86,207 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.

10. On April 26, 2002, the Registrant sold 690 shares of its common stock to William Gadbaw for $4,000 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.

11. On April 30, 2002, the Registrant sold 12,069 shares of its common stock to Howard C. Jenkins for $70,000 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.

Sales of Securities by Red Robin International, Inc.

None of the following sales of securities utilized any form of general advertisement or general solicitation.

1. On February 1, 2000, RRI sold 8,621 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 1,889,708 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 9,659 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 Rule 506 of Regulation D thereunder.

3. On May 11, 2000, RRI sold an aggregate of 4,310,344 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 Rule 506 of Regulation D thereunder.

4. On May 11, 2000, RRI sold an aggregate of 775,862 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 Rule 506 of Regulation D thereunder.

5. On May 31, 2000, RRI sold an aggregate of 23,416 shares of its common stock to Larry Kingen for $135,810, 3,957 shares of its common stock to Martha Kingen for $22,948, 11,304 shares of its common stock to Peter Beck for $65,564 and 23,416 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 Rule 506 of Regulation D thereunder.

6. On June 7, 2000, RRI sold 2,414 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 3,448 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 2,034 shares of its common stock to John Baxter for $11,800, 1,637 shares of its common stock to Merle Switzer for $9,500, 828 shares of its common stock to Lawrence Brown for $4,800, 3,534 shares of its common stock to Joe Marsh for $20,500, 2,448 shares of its common stock to Ben Hsu for $14,200, 2,448 shares of its common stock to Graham Fitch for $14,200, 828 shares of its common stock to Scott Switzer for $4,800, and 21,190 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 Rule 506 of Regulation D thereunder.

9. On November 22, 2000, RRI sold 862 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 4,103 shares of its common stock to April Downing-Eriksen for $23,800, 862 shares of its common stock to Gary Piercey for $5,000, 1,638 shares of its common stock to George Kohn for $9,500, 690 shares of its common stock to Joe Empens for $4,000, 828 shares of its common stock to John McKay for $4,800, 2,052 shares of its common stock to John Hilliard, Jr. for of $11,900, 690 shares of its common stock to John McCormack for $4,000, 862 shares of its common stock to Katelyn Marie Kingen for $5,000, 4,103 shares of its common stock to Lynn Brecht for $23,800, and 1,638 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 Rule 506 of Regulation D thereunder.

11. On February 5, 2001, RRI sold 34 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 172 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 1,724 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 2,379 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.
2.5†	Stock Purchase Agreement, dated as of September 19, 2001, by and among Western Franchise Development, Inc., Dennis E. Garcelon and E. Marlena Garcelon, trustees of the Garcelon Trust dated January 6, 1992, Samuel Winston Garcelon and Red Robin International, Inc.
3.1*	Amended and Restated Certificate of Incorporation.
3.2*	Amended and Restated Bylaws.
4.1	Specimen Stock Certificate.
5.1*	Opinion of O'Melveny & Myers LLP.
10.1†	Red Robin Gourmet Burgers, Inc. Incentive Stock Option and Nonqualified Stock Option Plan – 1990.
10.2†	Red Robin Gourmet Burgers, Inc. 1996 Stock Option Plan.
10.3	Red Robin Gourmet Burgers, Inc. 2000 Management Performance Common Stock Option Plan.
10.4*	Red Robin Gourmet Burgers, Inc. 2002 Stock Incentive Plan.
10.5*	Red Robin Gourmet Burgers, Inc. Employee Stock Purchase Plan.
10.6	Stock Subscription Agreement, dated as of February 18, 2000, between Red Robin International, Inc., a Nevada corporation, RR Investors, LLC, a Virginia limited liability company, and RR Investors II, LLC, a Virginia limited liability company.

Exhibit Number	Description of Document
10.7†	Amended and Restated Shareholders Agreement, dated August 9, 2001, by and among Red Robin Gourmet Burgers, Inc., Skylark Co., Ltd., RR Investors LLC, RR Investors II, LLC, Michael J. Snyder and certain other stockholders named therein.
10.8†	Registration Rights Agreement, dated May 11, 2000, by and among Red Robin International, Inc., Skylark Co., Ltd., RR Investors LLC, RR Investors II, LLC, Michael J. Snyder and certain stockholders named therein.
10.9†	First Amendment to Registration Rights Agreement, dated August 9, 2001, by and among Red Robin Gourmet Burgers, Inc., Red Robin International, Inc., Skylark Co., Ltd., RR Investors LLC, RR Investors II, LLC, Michael J. Snyder and certain other stockholders named therein.
10.10†	Employment Agreement, dated May 11, 2000, by and between Red Robin International, Inc. and Michael J. Snyder.
10.11†	Employment Agreement, dated January 7, 1997, by and between Mike Woods and Red Robin International, Inc.
10.12†	Non-Interference, Non-Disclosure and Non-Competition Agreement, dated May 11, 2000, by and among RR Investors, LLC, RR Investors II, LLC, Red Robin International, Inc. and Michael J. Snyder.
10.13†	Consulting Services Agreement, dated May 11, 2000, by and between Red Robin International, Inc. and Quad-C Management, Inc.
10.14†	Escrow Agreement, dated May 11, 2000, by and among Red Robin International, Inc., Red Robin Holding Co., Inc., the former stockholders of The Snyder Group Company and The Bank of New York, as escrow agent.
10.15†	First Amendment to Escrow Agreement, dated August 9, 2001, by and among Red Robin Gourmet Burgers, Inc., Red Robin International, Inc., Red Robin West, Inc., the former stockholders of The Snyder Group Company and The Bank of New York, as escrow agent.
10.16†	Memorandum Agreement, dated May 10, 2001, by and among The Snyder Group Company, each stockholder of 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.
10.17†	Loan Agreement, dated as of September 6, 2000, among Red Robin International, Inc., Red Robin Distributing Company, Inc., Red Robin Holding Co., Inc., Red Robin of Baltimore County, Inc., Red Robin of Anne Arundel County, Inc., Finova Capital Corporation and certain other financial institutions from time to time party thereto.
10.18†	First Amendment to Loan Instruments, dated as of August 9, 2001, 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., Finova Capital Corporation and certain other financial institutions from time to time party thereto.
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.

Exhibit Number	Description of Document
10.21†	Master Loan Agreement, dated November 3, 2000, by and between Red Robin and General Electric Capital Business Asset Funding Corporation.
10.22†	Promissory Note, dated June 30, 2000, by Michael J. Snyder in favor of Red Robin International, Inc.
10.23†	Promissory Note, dated February 27, 2001, by Michael J. Snyder in favor of Red Robin International, Inc.
10.24†	Pledge Agreement, dated June 30, 2000, by and between Michael J. Snyder and Red Robin International, Inc.
10.25	Pledge Agreement, dated February 27, 2001, by and between Michael J. Snyder and Red Robin International, Inc.
10.26†	Agreement, dated July 15, 1998, by and between Red Robin International, Inc. and McClain Finlon Advertising, Inc., as amended.
10.27**	Fountain Beverage Agreement, dated April 1, 2000, by and between Pepsi-Cola Company, a division of PepsiCo, a North Carolina corporation, and Red Robin International, Inc.
10.28**	Master Distribution Agreement, dated May 16, 2001, by and between Sysco Corporation and Red Robin International, Inc.
10.29†	Credit Agreement, dated as of April 12, 2002, between Red Robin International, Inc. and U.S. Bank National Association.
10.30	Red Robin Gourmet Burgers, Inc. 2000 Management Performance Common Stock Option Plan Option Exercise Agreement—Early Exercise, dated April 25, 2002, by and between Robert J. Merullo and Red Robin Gourmet Burgers, Inc.
10.31	Red Robin Gourmet Burgers, Inc. 2000 Management Performance Common Stock Option Plan Option Exercise Agreement—Early Exercise, dated April 25, 2002, by and between James P. McCloskey and Red Robin Gourmet Burgers, Inc.
10.32	Red Robin Gourmet Burgers, Inc. 2000 Management Performance Common Stock Option Plan Option Exercise Agreement—Early Exercise, dated April 25, 2002, by and between James P. McCloskey and Red Robin Gourmet Burgers, Inc.
10.33	Secured Promissory Note, dated April 25, 2002 executed by James P. McCloskey in favor of Red Robin Gourmet Burgers, Inc.
10.34	Red Robin Gourmet Burgers, Inc. 2000 Management Performance Common Stock Option Plan Option Exercise Agreement—Early Exercise, dated April 25, 2002, by and between Michael J. Snyder and Red Robin Gourmet Burgers, Inc.
10.35	Red Robin Gourmet Burgers, Inc. 2000 Management Performance Common Stock Option Plan Option Exercise Agreement—Early Exercise, dated April 25, 2002, by and between Michael E. Woods and Red Robin Gourmet Burgers, Inc.
10.36	Secured Promissory Note, dated April 25, 2002, executed by Michael E. Woods in favor of Red Robin Gourmet Burgers, Inc.
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.
† Previously filed.

(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 amendment to the 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 June 10, 2002.

By: /s/ MICHAEL J. SNYDER

Michael J. Snyder
Chairman of the Board, President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this amendment to the 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)*	June 10, 2002
/s/ JAMES P. MCCLOSKEY **James P. McCloskey**	Chief Financial Officer *(Principal Financial and Accounting Officer)*	June 10, 2002
* **Edward T. Harvey**	Director	June 10, 2002
* **Terrence D. Daniels**	Director	June 10, 2002
* **Gary J. Singer**	Director	June 10, 2002
* **Tasuku Chino**	Director	June 10, 2002

*By: /s/ MICHAEL J. SNYDER

Michael J. Snyder
Attorney-in-fact

EXHIBIT INDEX

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.
2.5†	Stock Purchase Agreement, dated as of September 19, 2001, by and among Western Franchise Development, Inc., Dennis E. Garcelon and E. Marlena Garcelon, trustees of the Garcelon Trust dated January 6, 1992, Samuel Winston Garcelon and Red Robin International, Inc.
3.1*	Amended and Restated Certificate of Incorporation.
3.2*	Amended and Restated Bylaws.
4.1	Specimen Stock Certificate.
5.1*	Opinion of O'Melveny & Myers LLP.
10.1†	Red Robin Gourmet Burgers, Inc. Incentive Stock Option and Nonqualified Stock Option Plan – 1990.
10.2†	Red Robin Gourmet Burgers, Inc. 1996 Stock Option Plan.
10.3	Red Robin Gourmet Burgers, Inc. 2000 Management Performance Common Stock Option Plan.
10.4*	Red Robin Gourmet Burgers, Inc. 2002 Stock Incentive Plan.
10.5*	Red Robin Gourmet Burgers, Inc. Employee Stock Purchase Plan.
10.6	Stock Subscription Agreement, dated as of February 18, 2000, between Red Robin International, Inc., a Nevada corporation, RR Investors, LLC, a Virginia limited liability company, and RR Investors II, LLC, a Virginia limited liability company.
10.7†	Amended and Restated Shareholders Agreement, dated August 9, 2001, by and among Red Robin Gourmet Burgers, Inc., Skylark Co., Ltd., RR Investors LLC, RR Investors II, LLC, Michael J. Snyder and certain other stockholders named therein.
10.8†	Registration Rights Agreement, dated May 11, 2000, by and among Red Robin International, Inc., Skylark Co., Ltd., RR Investors LLC, RR Investors II, LLC, Michael J. Snyder and certain stockholders named therein.
10.9†	First Amendment to Registration Rights Agreement, dated August 9, 2001, by and among Red Robin Gourmet Burgers, Inc., Red Robin International, Inc., Skylark Co., Ltd., RR Investors LLC, RR Investors II, LLC, Michael J. Snyder and certain other stockholders named therein.
10.10†	Employment Agreement, dated May 11, 2000, by and between Red Robin International, Inc. and Michael J. Snyder.

Exhibit Number	Description of Document
10.11†	Employment Agreement, dated January 7, 1997, by and between Mike Woods and Red Robin International, Inc.
10.12†	Non-Interference, Non-Disclosure and Non-Competition Agreement, dated May 11, 2000, by and among RR Investors, LLC, RR Investors II, LLC, Red Robin International, Inc. and Michael J. Snyder.
10.13†	Consulting Services Agreement, dated May 11, 2000, by and between Red Robin International, Inc. and Quad-C Management, Inc.
10.14†	Escrow Agreement, dated May 11, 2000, by and among Red Robin International, Inc., Red Robin Holding Co., Inc., the former stockholders of The Snyder Group Company and The Bank of New York, as escrow agent.
10.15†	First Amendment to Escrow Agreement, dated August 9, 2001, by and among Red Robin Gourmet Burgers, Inc., Red Robin International, Inc., Red Robin West, Inc., the former stockholders of The Snyder Group Company and The Bank of New York, as escrow agent.
10.16†	Memorandum Agreement, dated May 10, 2001, by and among The Snyder Group Company, each stockholder of 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.
10.17†	Loan Agreement, dated as of September 6, 2000, among Red Robin International, Inc., Red Robin Distributing Company, Inc., Red Robin Holding Co., Inc., Red Robin of Baltimore County, Inc., Red Robin of Anne Arundel County, Inc., Finova Capital Corporation and certain other financial institutions from time to time party thereto.
10.18†	First Amendment to Loan Instruments, dated as of August 9, 2001, 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., Finova Capital Corporation and certain other financial institutions from time to time party thereto.
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.
10.22†	Promissory Note, dated June 30, 2000, by Michael J. Snyder in favor of Red Robin International, Inc.
10.23†	Promissory Note, dated February 27, 2001, by Michael J. Snyder in favor of Red Robin International, Inc.
10.24†	Pledge Agreement, dated June 30, 2000, by and between Michael J. Snyder and Red Robin International, Inc.
10.25	Pledge Agreement, dated February 27, 2001, by and between Michael J. Snyder and Red Robin International, Inc.
10.26†	Agreement, dated July 15, 1998, by and between Red Robin International, Inc. and McClain Finlon Advertising, Inc., as amended.

Exhibit Number	Description of Document
10.27**	Fountain Beverage Agreement, dated April 1, 2000, by and between Pepsi-Cola Company, a division of PepsiCo, a North Carolina corporation, and Red Robin International, Inc.
10.28**	Master Distribution Agreement, dated May 16, 2001, by and between Sysco Corporation and Red Robin International, Inc.
10.29†	Credit Agreement, dated as of April 12, 2002, between Red Robin International, Inc. and U.S. Bank National Association.
10.30	Red Robin Gourmet Burgers, Inc. 2000 Management Performance Common Stock Option Plan Option Exercise Agreement—Early Exercise, dated April 25, 2002, by and between Robert J. Merullo and Red Robin Gourmet Burgers, Inc.
10.31	Red Robin Gourmet Burgers, Inc. 2000 Management Performance Common Stock Option Plan Option Exercise Agreement—Early Exercise, dated April 25, 2002, by and between James P. McCloskey and Red Robin Gourmet Burgers, Inc.
10.32	Red Robin Gourmet Burgers, Inc. 2000 Management Performance Common Stock Option Plan Option Exercise Agreement—Early Exercise, dated April 25, 2002, by and between James P. McCloskey and Red Robin Gourmet Burgers, Inc.
10.33	Secured Promissory Note, dated April 25, 2002 executed by James P. McCloskey in favor of Red Robin Gourmet Burgers, Inc.
10.34	Red Robin Gourmet Burgers, Inc. 2000 Management Performance Common Stock Option Plan Option Exercise Agreement—Early Exercise, dated April 25, 2002, by and between Michael J. Snyder and Red Robin Gourmet Burgers, Inc.
10.35	Red Robin Gourmet Burgers, Inc. 2000 Management Performance Common Stock Option Plan Option Exercise Agreement—Early Exercise, dated April 25, 2002, by and between Michael E. Woods and Red Robin Gourmet Burgers, Inc.
10.36	Secured Promissory Note, dated April 25, 2002, executed by Michael E. Woods in favor of Red Robin Gourmet Burgers, Inc.
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.
† Previously filed.

EXHIBIT 2.2

CLOSING AGREEMENT
AND AMENDMENT TO MERGER AGREEMENT

THIS CLOSING AGREEMENT AND AMENDMENT TO MERGER 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 Nevada corporation ("Sub"), The Snyder Group Company, a Delaware corporation (the "Company") and the stockholders of the Company (the "Stockholders"). Terms used herein and not otherwise defined shall have the meaning assigned to them in that certain Agreement and Plan of Merger, dated February 18, 2000, by and among Buyer, Red Robin Holding Co., Inc., a Nevada corporation and a wholly-owned subsidiary of Buyer, the Company, the Stockholders, Stephen S. Snyder and Louise Snyder (the "Merger Agreement").

R E C I T A L S
- - - - - - - -

WHEREAS, Buyer, the Company and the Stockholders are parties to the Merger Agreement; and

WHEREAS, certain conditions to the Closing of the transactions contemplated by the Merger Agreement have not been satisfied; and

WHEREAS, the parties hereto desire to amend the Merger Agreement, waive certain conditions to the Closing, and consummate the Closing on the terms and conditions set forth in this Agreement.

A G R E E M E N T
- - - - - - - - -

In consideration of the mutual promises contained herein and intending to be legally bound, the parties hereto agree as follows:

Section 1. Financing. Buyer hereby waives the condition set forth in Section 7.18 of the Merger Agreement, and the Company and the Stockholders hereby waive the condition set forth in Section 8.15 of the Merger Agreement, requiring that Buyer enter 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. Without limiting the effect of the foregoing waiver, the parties acknowledge and agree that the terms and conditions of any stock pledge agreement required in connection with Buyer's new credit facility shall be subject to review and approval by the stockholders of Buyer (including the Stockholders) who may be asked to pledge shares of Buyer as collateral for the credit facility, such approval not to be unreasonably withheld.

Section 2. Indemnity for Certain Guaranties. Following the Closing, Buyer will continue to use its commercially reasonable efforts to cause the Stockholders to be released from the guaranties and assurances of indebtedness and lease obligations identified on Exhibit A attached hereto (collectively, the "Guaranties"). Until such time as the Stockholders are released from the Guaranties, Buyer agrees to defend and indemnify each of the Stockholders

from and against any and all costs, claims, damages, liabilities and losses incurred or suffered by any of such Stockholders, directly or indirectly, as a result of, or based upon or arising out of the performance by the Stockholders or by Buyer of any of the obligations of payment or performance subject to such Guaranties; provided, however, that the foregoing indemnity shall in no way limit or reduce the obligations of the Stockholders to indemnify Buyer for any Covered Liabilities (as defined in the Merger Agreement) pursuant to the Merger Agreement. Each of the Company and the Stockholders acknowledges that the foregoing provisions satisfy the closing condition set forth in Section 8.9 of the Merger Agreement.

Section 3. Capitalization of Pre-Opening Costs. The parties agree that any pre-opening costs incurred by the Company prior to the Closing Date in connection with the Broadmoor/Colorado Springs restaurant shall be capitalized for purposes of preparing the Closing Balance Sheet pursuant to Section 2.9 of the Merger Agreement.

Section 4. Merger Consideration.

(a) Section 2.8(a) of the Merger Agreement is hereby amended and

restated to read in its entirety as follows:

"(a)(i) 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:

(A) Subject to Section 2.8(c), a number of shares of Buyer Common Stock (rounded to the nearest whole share) determined by dividing 5,000,000 shares of Buyer Common Stock, 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

(B) At the election of each Stockholder, (1) an amount in cash determined by dividing $10,000,000, 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 (2) an amount in Debentures determined by dividing $10,000,000, 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)(i)(B) at least three (3) business days prior to the Closing Date.

(ii) 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 of the 34,528 shares of Company Common Stock issued and outstanding and registered in the name of Michael Snyder immediately prior to the Effective Time shall, in addition to the consideration specified in subparagraph (a)(i) above, be converted into and represent the right to receive the following additional consideration:

(A) 13.90616 shares of Buyer Common Stock (equal to an aggregate of 480,152 shares), subject to Section 2.8(c) and subject to adjustment as set forth in Section 2.9; and

(B) $27.81224 principal amount in Debentures (equal to an aggregate of $960,301 principal amount of Debentures), subject to adjustment as set forth in Section 2.9.

(iii) For purposes of this Agreement:

(A) the consideration referenced in subparagraphs (a)(i)(A) and (a)(ii)(A) of this Section 2.8 is collectively referred to as the "Stock Merger Consideration;"

(B) the cash consideration referenced in clause (1) of subparagraph (a)(i)(B) of this Section 2.8 is referred to as the "Cash Merger Consideration;" and

(C) the Debentures to be issued pursuant to clause (2) of subparagraph (a)(i)(B) and pursuant to subparagraph (a)(ii)(B) of this Section 2.8 are collectively referred to as the "Debenture Merger Consideration."

(b) In lieu of the Cash Merger Consideration to be paid to the Stockholders electing Cash Merger Consideration pursuant to Section 2.8 of the Merger Agreement, the parties hereby agree that each such Stockholder shall receive at the Closing a promissory note in the form attached hereto as Exhibit B in the principal amount of the Cash Merger Consideration to which such Stockholder would otherwise be entitled pursuant to Section 2.8 of the Merger Agreement."

Section 5. Accrual of Vacation Payments. For purposes of preparing the Closing Balance Sheet, the accrued vacation amount shall be the amount calculated on the date of completion of the Closing Balance Sheet and shall take into account any changes, facts, circumstances or other information that (a) occurs or becomes known between the Closing Date and the date that the Closing Balance Sheet is completed, or (b) is reasonably expected to occur prior to January 1, 2001.

Section 6. Amendment to the Merger Agreement. The Stockholders acknowledge that this Agreement represents an amendment to the Merger Agreement, and hereby consent to and approve such amendment pursuant to the authority of Section 228 of the Delaware General Corporation Law.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of 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

RED ROBIN HOLDING CO., INC.,
a Nevada corporation

By: /s/ James P. McCloskey

James P. McCloskey
Chief Financial Officer

THE SNYDER GROUP COMPANY,
a Delaware corporation

By:

Stephen S. Snyder
Secretary

THE STOCKHOLDERS

Michael J. Snyder

Stephen S. Snyder, individually and as the Trustee of the Stephen S. Snyder Intervivos Trust

---
Louise A. Snyder, individually and as the Trustee of the Louise A. Snyder Intervivos Trust

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of the day and year first above written.

RED ROBIN INTERNATIONAL, INC.,
a Nevada corporation

By:

James P. McCloskey
Chief Financial Officer

RED ROBIN HOLDING CO., INC.,
a Nevada corporation

By:

James P. McCloskey
Chief Financial Officer

THE SNYDER GROUP COMPANY,
a Delaware corporation

By: /s/ Stephen S. Snyder

Stephen S. Snyder
Secretary

THE STOCKHOLDERS

Michael J. Snyder

/s/ Stephen S. Snyder

Stephen S. Snyder, individually and as the Trustee
of the Stephen S. Snyder Intervivos Trust

/s/ Louise A. Snyder

Louise A. Snyder, individually and as the Trustee of
the Louise A. Snyder Intervivos Trust

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of the day and year first above written.

RED ROBIN INTERNATIONAL, INC.,
a Nevada corporation

By:

James P. McCloskey
Chief Financial Officer

RED ROBIN HOLDING CO., INC.,
a Nevada corporation

By:

James P. McCloskey
Chief Financial Officer

THE SNYDER GROUP COMPANY,
a Delaware corporation

By:

Stephen S. Snyder
Secretary

THE STOCKHOLDERS

/s/ Michael J. Snyder

Michael J. Snyder

Stephen S. Snyder, individually and as the Trustee
of the Stephen S. Snyder Intervivos Trust

Louise A. Snyder, individually and as the Trustee of
the Louise A. Snyder Intervivos Trust

/s/ Michael E. Woods

Michael E. Woods

/s/ Robert Merullo

Robert Merullo

SHAMROCK INVESTMENT COMPANY,
a Washington general partnership

By:

George D. Hansen
Chief Operating Officer

George D. Hansen

Deborah Hansen

Beverly C. Brown

L.V. Brown, Jr.

Michael E. Woods

Robert Merullo

SHAMROCK INVESTMENT COMPANY,
a Washington general partnership

By: /s/ George D. Hansen C.O.O.

George D. Hansen
Chief Operating Officer

/s/ George D. Hansen

George D. Hansen

/s/ Deborah Hansen

Deborah Hansen

Beverly C. Brown

L.V. Brown, Jr.

Michael E. Woods

Robert Merullo

SHAMROCK INVESTMENT COMPANY,
a Washington general partnership

By:

George D. Hansen
Chief Operating Officer

George D. Hansen

Deborah Hansen

/s/ Beverly C. Brown

Beverly C. Brown

L.V. Brown, Jr.

Michael E. Woods

Robert Merullo

SHAMROCK INVESTMENT COMPANY,
a Washington general partnership

By:

George D. Hansen
Chief Operating Officer

George D. Hansen

Deborah Hansen

Beverly C. Brown

/s/ L.V. Brown, Jr.

L.V. Brown, Jr.

EXHIBIT A

GUARANTIES

As of the Closing Date, a release of the following guaranties and assurances of indebtedness and lease obligations of the Company has not been obtained:

COMPANY NOTES:

1. Michael Snyder and Stephen Snyder guaranty the Company's obligations due ORIX USA Corporation, a Delaware corporation, under that certain Promissory Note dated March __, 1996 in the principal sum of $500,000.00, the Loan Agreement and Security Agreement executed in conjunction with the Promissory Note by the Company (Arvada Restaurant).

2. Michael J. Snyder and Stephen S. Snyder guaranty the obligations of the Company due Captec Financial Group Funding Corporation under that certain Promissory Note dated May 23, 1996 in the principal amount of $1,550,000.00 and the Company's performance under the Leasehold Deed of Trust and Security Agreement executed in conjunction with the Promissory Note (Bowles Restaurant).

3. Michael J. Snyder and Stephen S. Snyder's have agreed to guaranty the obligations of the Company to General Electric Capital Business Asset Funding Corporation in the original principal amount of $700,000.00 pursuant to a letter agreement dated August 3, 1999 (Broadmoor Restaurant).

4. Promissory Note dated March 1, 1994 in the amount of $200,000.00 payable to Rhea Woltman and executed by The Snyder Group Company and Michael J. Snyder, as Co-Borrowers and the Loan Agreement by and between Rhea Woltman as Lender and Michael J. Snyder and Stephen S. Snyder as Borrowers dated March 1, 1994. (Chapel Hills Restaurant).

5. Installment Note and Security Agreement dated May 1, 1994 between Columbia Credit Company as Lender and The Snyder Group Company d/b/a Red Robin Burger and Spirits Emporium and Michael J. Snyder and Stephen S. Snyder as Co-Borrowers in the principal amount of $700,000.00. (Kennewick Restaurant).

6. Michael J. Snyder guarantees the obligations of the Company to U.S. Bank National Association under that certain Promissory Note dated March 17, 1999 in the principal amount of $25,000.00 between The Snyder Group Company, as Borrower, and U.S. Bank National Association, as Lender, and the performance of the Company under the Commercial Security Agreement (Lakewood Restaurant).

7. Michael J. Snyder and Stephen S. Snyder guaranty the Company's payment and performance under the Term Note dated November 22, 1996 in the principal amount of $876,698.94 between the Company as Debtor and Metlife Capital Corporation as Holder and the

Company's performance under the Security Agreement No. One, as amended. (Highlands Ranch Restaurant).

8. Installment Note and Security Agreement dated December 13, 1995 in the principal amount of $125,000.00 between Columbia Credit Corporation as Lender and The Snyder Group Company d/b/a Red Robin Burger and Spirits Emporium and Michael J. Snyder as Co-Borrower.

9. Michael J. Snyder guarantees the Company's payment and performance of the Company's Promissory Note dated October 16, 1998 in the principal amount of $800,000.00 between the Company as Borrower and U.S. Bank National Association as Lender, as amended or modified and the Company's performance under any agreement evidencing or securing the repayment of said indebtedness including, without limitation:

(a) Business Loan Agreement dated October 16, 1998 in the principal amount of $800,000.00 between The Snyder Group Company as Borrower and U.S. Bank National Association as Lender, the performance of which is guaranteed by Michael J. Snyder.

(b) Change in Terms Agreement dated February 22, 2000 between Borrower, The Snyder Group Company, and Lender, U.S. Bank National Association. (unsigned as of this date).

10. Commercial Guaranty of Michael J. Snyder (undated) to U.S. Bank National Association pursuant to which Michael J. Snyder individually guarantees all of the obligations of the Company, whether now existing or hereafter arising, to U.S. Bank National Association.

11. Michael J. Snyder and Stephen S. Snyder guaranty the Company's payment and performance under that certain Promissory Note dated January 24, 1996 in the principal amount of $500,000.00 between the Company as Maker, and J.S.C. Holding Company, Inc. Pension Trust, as Holder.

12. Michael J. Snyder guarantees the payment and performance of all obligations of the Company under that certain Promissory Note dated December 1, 1998 between the Company as Borrower and U.S. Bank National Association as Lender which secures payment of the principal amount of $100,000.00 due by the Company to U.S. Bank National Association, as amended and modified, and the Company's performance under any agreement evidencing or securing the repayment of said indebtedness.

13. Michael J. Snyder and Stephen S. Snyder guaranty the Company's payment and performance of the indebtedness evidenced by that certain Term Note dated May 5, 1999 in the amount of $733,672.67 between the Company, as Debtor, and GE Capital BAF Corporation ("GE") formerly Metlife Capital Corporation, as Holder, referencing Schedule No. 2226796-002, as amended or modified, and the Company's performance under any agreement evidencing or securing the repayment of said indebtedness.

REAL PROPERTY LEASES:

1. Arapahoe (Englewood) Lease:

a. Single User Building Lease (footer dated 10/15/91) between The Snyder Group Company, as Tenant and A&B Properties, Inc., as Landlord, as amended.

b. The performance of The Snyder Group Company under the Lease is personally guaranteed by Michael J. Snyder and Stephen S. Snyder.

2. Arvada Lease:

a. Standard Commercial Shopping Center Lease dated July 7, 1988 by Arvada Marketplace Associates, Ltd., as Landlord and Michael J. Snyder and Steven S. Snyder, as Tenant, as amended and modified, the interest of Tenant is now held by The Snyder Group Company.

b. Michael Snyder, Stephen Snyder and Snyder Investments, Inc. guaranty the performance of the Tenant under the Lease.

3. Chapel Hills Lease (Jamboree):

a. Lease Agreement dated May 11, 1987 between John F. Olive, as Lessor and Michael J. Snyder and Steven S. Snyder, as Lessee, as amended. The interest of Lessor is now held by AEI Net Lease Income and Growth Fund XX Limited Partnership and the interest of Lessee is held by The Snyder Group Company.

b. Stephen Snyder and Michael Snyder guaranty the performance of the Lessee under the Lease and are original Lessees thereunder.

c. Consent to Assignment of Lease and Guaranty and Amendment of Guaranty dated February 24, 1994 between Michael J. Snyder and Steve S. Snyder to AEI Net Lease Income & Growth Fund XX Limited Partnership.

4. Citadel Lease:

a. Lease-Option Agreement dated October 5, 1983 between John F. Olive, as Lessor and Denver Restaurant Investments Co., as Lessee, as amended. The interest of Lessee under the Lease is now held by The Snyder Group Company and the interest of Lessor is now held by AEI Net Lease Income and Growth Fund XX Limited Partnership.

b. The performance of the Lessee under the Lease is guaranteed by Michael J. Snyder, Stephen Snyder and Snyder Investments, Inc., Keith Helms, and Shamrock Investment Company.

c. Consent to Assignment of Lease and Guaranty and Amendment of Guaranty dated February 24, 1994 by Michael J. Snyder and Steve S. Snyder, as Guarantors.

5. Fort Collins Lease:

a. Lease dated April 28, 1995 between Captec Acceptance Leasing Corporation, as Landlord and The Snyder Group Company, as Tenant, as amended by First Amendment to Lease dated May 10, 1995.

b. Michael J. Snyder and Nadine C. Snyder, Stephen S. Snyder and Louise Snyder guaranty the payment and performance of Lessee's obligations under the Lease.

6. Havana (Aurora) Lease:

a. Lease (undated) between The Price Company, as Landlord and The Snyder Group Company, as Tenant, as amended.

b. Pursuant to a Guarantee of Lease, Stephen Snyder guarantees the payment and performance by The Snyder Group Company of its obligations under the Lease.

c. Pursuant to a Guarantee of Lease, Michael J. Snyder guarantees the

payment and performance by The Snyder Group Company of its obligations under the Lease.

7. Highlands Ranch Lease:

a. Lease between Captec Net Lease Realty, Inc. and The Snyder Group Company dated December 13, 1995, as amended.

b. The Lease Agreement is guaranteed by Michael J. Snyder, Nadine C. Snyder, Stephen S. Snyder and Louise Snyder, jointly and severally.

8. Kennewick Building Lease:

a. Lease between Bonnyville Construction Company as Landlord and The Snyder Group Company as Tenant, dated November __, 1995 (footer dated 11/21/95), as amended.

b. The obligations of the Tenant under the Lease are guaranteed by Michael Snyder and Stephen Snyder pursuant to a Guaranty of Lease in favor of Bonnyville Construction Company.

9. Park Meadows Ground Lease

a. Ground Lease dated the 14th day of February 1997, between Park Meadows Malls, Ltd., a Colorado limited partnership, as Landlord, and The Snyder Group Company, a Delaware corporation, as Tenant, as amended.

10. Corporate:

a. Office Building Lease, The Terrace Building at DTC Bay, 511 Corporation, as Landlord, and The Snyder Group Company, a Delaware corporation, d/b/a Red Robin Restaurants, as Tenants, as amended.

EQUIPMENT LEASES:

1. Bowles Facility:

a. Stephen S. Snyder personally guarantees the payment and performance of the Company under the Lease Agreement No. 06092 between the Company as Lessee and Captec Financial Group, Inc., as Lessor, which Guaranty is dated May 17, 1996.

b. Michael J. Snyder personally guarantees the payment and performance of the Company under the Lease Agreement No. 06092 between the Company as Lessee and Captec Financial Group, Inc., as Lessor, which Guaranty is dated May 17, 1996.

2. Fort Collins:

a. Stephen S. Snyder personally guarantees the payment and performance of the Company under the Lease Agreement No. 05827 between the Company as Lessee and Captec Financial Group, Inc., as Lessor, which Guaranty is dated April 27, 1995.

b. Michael J. Snyder personally guarantees the payment and performance of the Company under the Lease Agreement No. 05827 between the Company as Lessee and Captec Financial Group, Inc., as Lessor, which Guaranty is dated April 27, 1995.

3. Guarantee dated November 28, 1995 pursuant to which Michael J. Snyder guarantees the payment of all obligations of the Company due Northwest Equipment Finance, Inc., as now existing or arising in the future.

4. Guarantee dated November 28, 1995 pursuant to which Stephen S. Snyder guarantees the payment of all obligations of the Company due Northwest Equipment Finance, Inc., as now existing or arising in the future.

5. Steve Snyder personally guarantees a motor vehicle lease dated February 12, 1999 between The Company, as Lessee, and Ralph Schomp, BMV, Lessor.

EXHIBIT B

FORM OF PROMISSORY NOTE

Exhibit B-1

PROMISSORY NOTE

$_____ Englewood Colorado
May __, 2000

FOR VALUE RECEIVED, Red Robin International, Inc., a Nevada corporation ("Borrower"), promises to pay to _____ ("Holder"), at such place as may be designated in writing by Holder, the principal amount of _____ ($_____), in lawful monies of the United States, with interest on the unpaid principal amount at the rate of 10% per annum (the "Note").

The unpaid principal balance of this Note, together with all unpaid accrued interest thereon and any other sums payable by Borrower hereunder, shall be due and payable upon the earlier of (i) November __, 2001; or (ii) such date as Borrower shall have closed and received the proceeds from a bank or other credit facility in an amount not less than $50 million.

Interest on the unpaid principal balance under this Note shall be paid in arrears on the first business day of each month beginning on June 1, 2000 and continuing monthly thereafter, until maturity, on which date the principal, and unpaid interest and all other sums due under this Note shall be paid in full. Interest on this Note shall be computed on this basis of a three hundred sixty (360) day year and the actual number of days elapsed in the period for which interest is payable.

Borrower represents and warrants that this Note issued for commercial, investment and business purposes, and not for personal, family or household purposes. Notwithstanding any other provision of this Note, interest and charges payable by reason of the indebtedness evidenced by this Note, shall not exceed the maximum would otherwise be payable, then such excess sums shall be construed as having been immediately applied by Holder to the principal balance of this Note when received. If at the time any such sum is received by Holder, the principal balance of this Note has been paid in full, such sum shall be promptly refunded by Holder to Borrower, less any sums due to Holder.

Borrower may prepay this Note in whole or in part without penalty at any time together with interest due up to date of payment.

Borrower shall be in default of this Note if any payment of principal or interest is not made within 10 days of the date when due hereunder. After maturity, or after default, interest shall accrue on any unpaid installment of principal or interest, as the case may be, at an annual rate equal to five percentage points (5%) above the interest rate stated on this Note, until paid in full.

This Note shall be binding on Borrower, its representatives and successors and shall inure to the benefit of and shall be enforceable by Holder, its successors and assigns. This Note may not be changed, modified, amended, or terminated orally, but the foregoing may be

done in writing by authorized representatives of the parties. If Holder shall institute legal action to enforce payment hereof, Borrower agrees, in addition to any other payments required hereunder, to pay all reasonable expenses of collection, including attorneys' fees.

This Note shall be governed by and construed in accordance with the laws of the State of Colorado.

IN WITNESS THEREOF, Borrower has caused this Note to be executed and delivered as of the date first above written.

RED ROBIN INTERNATIONAL, INC.,
a Nevada corporation

By: Draft

James P. McCloskey
Chief Financial Officer and Secretary

EXHIBIT 4.1

SPECIMEN OF COMMON STOCK CERTIFICATE

[LOGO OF RED ROBIN]
RED ROBIN GOURMET BURGERS, INC.

COMMON STOCK COMMON STOCK

NUMBER SHARES
RR

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

SEE REVERSE FOR CERTAIN DEFINITIONS

CUSIP 75689M 10 1

THIS CERTIFIES THAT

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK,
PAR VALUE $0.001 PER SHARE, OF

RED ROBIN GOURMET BURGERS, INC.

(hereinafter called the "Company") transferable on the books of the Company by said owner hereof in person or by duly authorized attorney upon surrender of this certificate properly endorsed. This certificate and the shares represented hereby are issued and shall be held subject to all the provisions of the Certificate of Incorporation and all amendments thereto, copies of which are on file at the office of the Transfer Agent, all of which the holder of this certificate by acceptance hereof assents. This certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar.

WITNESS the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

/s/ JAMES P. MCCLOSKEY [CORPORATE SEAL] /s/ MICHAEL J. SNYDER
- ---------- ----------
Chief Financial Officer & Secretary

Chairman, CEO and President

Countersigned and Registered:
AMERICAN STOCK TRANSFER & TRUST COMPANY
Transfer Agent and Registrar

By_____
Authorized Officer

RED ROBIN GOURMET BURGERS, INC.

A statement of the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights as established, from time to time, by the Certificate of Incorporation of the Corporation and by any certificate of determination, the number of shares constituting each class and series, and the designations thereof, may be obtained by the holder hereof upon request and without charge at the principal office of the Corporation.

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

<TABLE>
<S> <C>
TEN COM ---as tenants in common UNIF GIFT MIN ACT --.....Custodian.....
(Cust) (Minor)
TEN ENT ---as tenants by the entireties under Uniform Gifts to Minors

JT TEN ---as joint tenants with right of survivorship and not as tenants in common Act.....
(State)

UNIF TRF MIN ACT --.....Custodian (until age.....)
(Cust)

.....under Uniform Transfers
(Minor)

to Minors Act.....
(State)

</TABLE>

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED_____hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY
OR OTHER IDENTIFYING NUMBER
OF ASSIGNEE
- ------------------------------

- ------------------------------

_____

_____
(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS
INCLUDING POSTAL ZIP CODE OF ASSIGNEE)

_____Shares
of the common stock represented by the within Certificate and do hereby
irrevocably constitute and appoint

_____Attorney
to transfer the said stock on the books of the within-named Corporation with
full power of substitution in the premises.

Dated_____

X_____

X_____

NOTICE: THE SIGNATURE(S) TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME(S) AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

SIGNATURE GUARANTEED:_____
THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.

KEEP THIS CERTIFICATE IN A SAFE PLACE. IF IT IS LOST, STOLEN, MUTILATED OR DESTROYED, THE CORPORATION WILL REQUIRE A BOND OF INDEMNITY AS A CONDITION TO THE ISSUANCE OF A REPLACEMENT CERTIFICATE.

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
---
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

FORM OF STOCK OPTION AGREEMENT - TIME VESTED
2000 Management Performance Common Stock Option Plan

[Insert Date]

[Insert Name]
[Insert Address]

Dear _____:

Red Robin Gourmet Burgers, Inc. (the "Company") has designated you to be a recipient of an option (the "Option") to purchase shares of Common Stock, $.001 par value, of the Company on the terms set forth in this letter and in the Company's 2000 Management Performance Common Stock Option Plan (the "Plan").

The Option is awarded pursuant to the Plan, which was effective on May 11, 2000. The Plan is administered by the Committee.

Please refer to the Plan for certain conditions not set forth in this letter. All provisions of this Option are subject to the terms of the Plan, and the terms of the Plan are hereby incorporated into this letter by this reference. Capitalized terms which are not defined herein shall have the meanings given those terms in the Plan.

A. Option. In consideration of your agreements contained in this letter and subject to the vesting requirements set forth below, the Company hereby grants you an Option to purchase from the Company [insert number of stock options granted] Common Shares, at $2.25 per Common Share. The Option is a Non Statutory Stock Option. The award of the Option is subject to the terms and conditions set forth below.

B. Terms of Option.

(1) The Option will become exercisable when the vesting provisions described below are met.

(2) The Option will become vested, without duplication, as to [insert 50% of the total number granted] Common Shares on [insert date], and will become vested as to the remaining [insert 50% of the total number granted] Common Shares on [insert date]; provided, that you must continue to be an employee of the Company at all times through the appropriate vesting date in order for the Option to become vested.

(3) Subject to the limitations set forth in this letter and in the Plan, after the Option becomes vested, you may exercise the vested portion of the Option, in whole or in part, at any time until: the earlier of (i) the effective time of termination of your employment with the Company for "Cause" (as defined below) or by you for any reason; (ii) the later of (x) ninety (90) days after termination of your employment with the Company by the Company other than for Cause (and other than by reason of death, Disability or retirement at, or after, age 65) and (y) thirty (30) days following the occurrence of a Liquidity Event (provided, that if you are subject to a "lock-up agreement" pursuant to such Liquidity Event, thirty (30) days following the expiration of such agreement); (iii) a Company Transfer; or (iv) [ten (10) years from grant].

(4) You may exercise all or any portion of the Option by giving written notice of the exercise to the Company, stating the number of Common Shares that you are purchasing and transmitting cash or check (subject to collection) in the amount of the full purchase price. Attached is a Notice of Exercise form to be used to give the Company written notice of the exercise of your Option.

(5) This Option is not transferable by you except by will or by the laws of descent and distribution or to a Related Transferee, and the Option may be exercised during your lifetime only by you or your Related Transferees to whom the Option has been transferred. All agreements made by you in this letter shall be binding on your heirs and descendants.

(6) For purposes of this letter and the Plan, "Cause" shall mean with

respect to the termination by the Company of an employee of the Company or a Subsidiary of the Company: (i) continual deliberate neglect by the employee in the performance of his material duties; (ii) failure by the employee to devote substantially all of his working time to the business of the Company and its Subsidiaries; (iii) the employee'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 employee's willful failure to follow the lawful directives of the Board or Chief Executive Officer 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 employee's breach of the provisions of any non-competition, non-interference, non-disclosure, confidentiality or other similar agreement executed by the employee 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 employee'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 employee 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.

C. Other Conditions.

(1) As provided in the Plan, appropriate adjustments shall be made in the number and kind of Common Shares for which the Option may be exercised and the Option price should there be a change in the capital structure of the Company, and the Board shall take appropriate actions in good faith with respect to the Option in the event of a significant corporate transaction.

(2) By signing this letter, you agree to make arrangements satisfactory to the Company to comply with any income and payroll tax withholding requirements that may apply upon the exercise of the Option.

(3) By signing this letter, you agree to hold all of the Common Shares acquired pursuant to the exercise of the Option for investment purposes and not with a view to resale or distribution to the public, unless and until such time as the Common Shares so acquired shall have been registered under applicable state and federal securities laws or an exemption from such registration is available. By signing this letter, you hereby agree to execute such documents as the Company may require with respect to applicable state and federal securities laws, and you agree to any restrictions on the resale of the Common Shares that may pertain.

(4) By signing this letter, neither you nor any other person shall become the beneficial owner of the Common Shares subject to the Option, nor have any rights to distributions or other rights as a shareholder with respect to any such Common Shares, until you have exercised the Option in accordance with the provisions hereof and of the Plan.

D. Notice. Written notice is deemed to have been given to the Company and the Board if delivered personally or mailed first class, postage prepaid, to the President of the Company at the principal business address of the Company or at such other address or to the attention of such other person as the recipient shall have specified by prior written notice to you. Written notice is deemed to have been given to you if delivered personally or mailed first class, postage prepaid, to you at the address set forth above.

E. Inconsistency with Plan. Notwithstanding any provision herein to the contrary, the Option provides you with no greater rights or claims than are specifically provided for under the Plan. If and to the extent that any provision herein is inconsistent with the Plan, the Plan shall govern.

F. Severability. If any of the provisions of this letter should be deemed unenforceable, the remaining provisions shall remain in full force and effect.

G. Modification. This letter may not be modified or amended, nor may any provision hereof be waived, in any way except in writing signed by the parties

hereto.

F. Agreement. In consideration of the grant of the Option, you hereby agree that you will comply with such other conditions as the Board may impose on the exercise of the Option

[insert name]
[insert date]
Page 4

and will perform such duties as may be assigned to you from time to time by the Board or by the executive officers of the Company; provided that the provisions of this sentence shall not be interpreted as affecting any right that the Company may have to terminate your employment at any time.

This Agreement shall be governed by the laws of the State of Colorado.

[Remainder of page intentionally left blank]

If you agree to the foregoing terms and conditions, please execute the attached copy of this letter and return it to the President of the Company.

Sincerely,

RED ROBIN GOURMET BURGERS, INC.

By: _____
James P. McCloskey,
Chief Financial Officer

I hereby accept the foregoing Option according to the terms set forth in this letter and in the Red Robin Gourmet Burgers, Inc. 2000 Management Performance Common Stock Option Plan.

_____
[insert name]

RED ROBIN GOURMET BURGERS, INC.

2000 MANAGEMENT PERFORMANCE COMMON STOCK OPTION PLAN

NOTICE OF EXERCISE OF OPTION

Pursuant to the terms of the stock option agreement, dated ____ __, 2000, between Red Robin Gourmet Burgers, Inc. and the undersigned optionee, the optionee hereby exercises the option to purchase _____ Common Shares. The optionee hereby delivers the full option price with respect to the exercised option, which is comprised of cash in the amount of $_____.

Executed this ____day of _____, 200_.

OPTIONEE

_____
Signature

_____
Print or Type Name

Red Robin Gourmet Burgers, Inc. hereby acknowledges receipt of the foregoing notice of exercise and payment of the option price this ___ day of_____, 200__.

Red Robin Gourmet Burgers, Inc.

By: _____

FORM OF STOCK OPTION AGREEMENT - PERFORMANCE VESTED

2000 Management Performance Common Stock Option Plan

[Insert Date]

[Insert Name]
[Insert Address]

Dear _____:

Red Robin International, Inc. (the "Company") has designated you to be a recipient of an option (the "Option") to purchase shares of Common Stock, $.001 par value, of the Company on the terms set forth in this letter and in the Company's 2000 Management Performance Common Stock Option Plan (the "Plan").

The Option is awarded pursuant to the Plan, which was effective on May 11, 2000. The Plan is administered by the Committee.

Please refer to the Plan for certain conditions not set forth in this letter. All provisions of this Option are subject to the terms of the Plan, and the terms of the Plan are hereby incorporated into this letter by this reference. Capitalized terms which are not defined herein shall have the meanings given those terms in the Plan.

A. Option. In consideration of your agreements contained in this letter and subject to the vesting requirements set forth below, the Company hereby grants you an Option to purchase from the Company [insert number of stock options granted] Common Shares, at $2.00 per Common Share. The Option is a Non Statutory Stock Option. The award of the Option is subject to the terms and conditions set forth below.

B. Terms of Option.

(1) The Option will become exercisable when the vesting provisions described below are met; provided, that except as provided in subparagraph (2)(e) below, you must continue to be an employee of the Company at all times through the appropriate vesting date in order for the Option to become vested.

(2) The Option will become vested, without duplication, as to the number of Common Shares indicated below, if and when the following conditions are satisfied:

(a) EBITDA Test: (i) In the event cumulative earnings of the Company before interest, taxes, depreciation and amortization ("EBITDA") from January 1, 2000 through the end of any fiscal year ending on or before December 31, 2003, equals at least $114,994,000 but is less than $124,993,000, the Option, to the extent not theretofore

vested or expired, will, as of the last day of the fiscal year of the Company in which such event occurs or such earlier date within such fiscal year as the Board shall determine, become vested as to such number of Common Shares determined by multiplying [insert 20% of options granted] Common Shares by a fraction, the numerator of which is the lesser of (A) the amount by which EBITDA for such period exceeds $114,994,000 and (B) $9,999,000, and the denominator of which is $9,999,000.

(ii) In the event cumulative EBITDA from January 1, 2000 through the end of any fiscal year ending on or before December 31, 2003 equals at least $124,993,000 but is less than $132,493,000, the Option, to the extent not theretofore vested or expired, will, as of the last day of the fiscal year of Holdings in which such event occurs or such earlier date within such fiscal year as the Board shall determine, become vested as to [insert 20% of options granted] Common Shares plus such additional number of Common Shares, if any, determined by multiplying [insert 30% of options granted] Common Shares by the fraction, the numerator of which is the lesser of (A) the amount by which EBITDA for such period exceeds $124,993,000 and (B) $7,500,000, and the denominator of which is $7,500,000.

(iii) In the event cumulative EBITDA from January 1, 2000 through the end of any fiscal year ending on or before December 31, 2003 equals at least $132,493,000 but is less than $139,993,000, the Option, to the extent not theretofore vested or expired, will, as of the last day of the fiscal year of Holdings in which such event occurs or such earlier date within such fiscal year as the Board shall determine, become vested as to [insert 50% of options granted] Common Shares plus such additional number of Common

Shares, if any, determined by multiplying [insert 50% of options granted] Common Shares by the fraction, the numerator of which is the lesser of (A) the amount by which EBITDA for such period exceeds $132,493,000 and (B) $7,500,000, and the denominator of which is $7,500,000.

(iv) In the event cumulative EBITDA from January 1, 2000 through the end of any fiscal year ending on or before December 31, 2003 equals at least $139,993,000, the Option, to the extent not theretofore vested or expired, will, as of the last day of the fiscal year of Holdings in which such event occurs or such earlier date within such fiscal year as the Board shall determine, become vested as to [insert number of options granted] Common Shares.

(v) The determination of EBITDA shall be made in accordance with generally accepted accounting principles in effect in the United States ("GAAP") and shall exclude net gains on the disposal of assets and other non-operating income items, but shall include net losses on the disposal of assets (other than with respect to the restaurants identified in Schedule I hereto) and other non-operating expense items; provided that reported EBITDA shall be adjusted by excluding therefrom (x) the amount of the non-cash charges to earnings required under GAAP, if any, for the accretion of the value of the options issued pursuant to the Plan that were deducted in calculating EBITDA for such period and (y) management fees paid to Quad-C Management, Inc. that were deducted in calculating EBITDA for each period, and subtracting therefrom an annual

amount determined in good faith by the Board to account for the cost of additional capital for major acquisitions and/or capital expenditures in excess of the capital expenditures provided for in Exhibit A based on the following formula: (A) 25% per annum of the aggregate additional equity capital issuance or contributions (including Common Shares, preferred stock or any securities convertible into Common Shares, calculated on an as-converted basis) to the Company to fund such capital expenditures and/or acquisitions plus (B) an amount per annum representing annual principal and
---- interest payments under additional indebtedness for borrowed money or capitalized lease obligations incurred to fund such capital expenditures and/or acquisitions (or assumed in connection with such acquisitions), such annual charges to be calculated assuming (1) straight line amortization from the date of incurrence or assumption of such additional indebtedness for a period of 120 months and (2) interest calculated quarterly at a spread of 350 basis points over 30 day LIBOR on the principal amount of such additional indebtedness at the beginning of each quarter (provided that such annual charges shall be accrued through the date that EBITDA is actually calculated as of, in the event that such calculation is done as of a date after the end of the applicable fiscal year).

(b) IRR Test: (i) In the event that on or after December 31, 2001, and
-------- on or before December 31, 2006 as a result of (x) a sale of all the Common Shares, capital stock or assets of the Company (a "Company Transfer") or (y) the first public offering under which Common Shares of the Company are sold to the public (an "Initial Public Offering") (each of clause (x) and (y) shall also be referred to as a "Liquidity Event"), the pretax internal rate of return (calculated on an annual cash-in, cash-out basis) ("IRR") realized by RR Investors, LLC ("Investors") over the term of its investment in the Company through the date of closing of the Liquidity Event, and after giving effect to the dilution that would be caused by the exercise of all Options vested (either theretofore or by operation of the provisions of this paragraph (b)) under the Plan and, in the event of an Initial Public Offering, valuing the Common Sharers held by Investors immediately before the Initial Public Offering at the Initial Public Offering price, is at least: (A) if the applicable Liquidity Event occurs prior to December 31, 2003, 40%, but is less than 45%; (B) if the applicable Liquidity Event occurs on or after December 31, 2003 but prior to December 31, 2004, 34% but is less than 37%; or (C) if the applicable Liquidity Event occurs on or after December 31, 2004, 30% but is less than 32%; then the Option, to the extent not theretofore vested or expired, will, as of the date of closing of such Liquidity Event, become vested as to such number of Common Shares, if any, determined by multiplying [insert 20% of options granted] by a fraction, the numerator of which is the amount by which the IRR for such periods exceeds 40%, 34%, or 30% (depending upon, as set forth in clauses (A), (B) or (C) of this subparagraph (b)(i), in which year the Liquidity Event occurs) and the denominator of which is: (x) 5%, if the Liquidity Event occurred prior to December 31, 2003; (y) 3%, if the Liquidity Event occurred on or after December 31, 2003 but prior to December 31, 2004; or (z) 2%, if the Liquidity Event occurred on or after December 31, 2004.

(ii) In the event that on or after December 31, 2001, and on or before

December 31, 2006, as a result of a Liquidity Event, the IRR realized by Investors over

the term of the investment through the date of closing of such Liquidity Event, and after giving effect to the dilution that would be caused by the exercise of all Options vested (either theretofore or by operation of the provisions of this paragraph (b)) under the Plan and, in the event of an Initial Public Offering, valuing the Common Shares held by Investors immediately before the Initial Public Offering at the Initial Public Offering price, is at least: (A) if the applicable Liquidity Event occurs prior to December 31, 2002, 45%, but is less than 55%; (B) if the applicable Liquidity Event occurs on or after December 31, 2002, but prior to December 31, 2003, 45% but is less than 50%; (C) if the applicable Liquidity Event occurs on or after December 31, 2003, but prior to December 31, 2004, 37% but is less than 40%; or (D) if the applicable Liquidity Event occurs on or after December 31, 2004, 32% but is less than 35%; then the Option, to the extent not theretofore vested or expired, will, as of the date of closing of such Liquidity Event, become vested as to [insert 20% of options granted] Common Shares plus such additional number of Common Shares, if any, determined by multiplying [insert 30% of options granted] by a fraction, the numerator of which is the amount by which the IRR for such periods exceeds 45%, 45%, 37% or 32%, as applicable (depending upon, as set forth in clauses (A), (B), (C) or (D) of this subparagraph (b)(ii), in which year the Liquidity Event occurs), and the denominator of which is: (w) 10%, if the Liquidity Event occurred prior to December 31, 2002; (x) 5, if the Liquidity Event occurred on or after December 31, 2002 but prior to December 31, 2003; (y) 3%, if the Liquidity Event occurred on or after December 31, 2003, but prior to December 31, 2004; or (z) 3%, if the Liquidity Event occurred on or after December 31, 2004.

(iii) In the event that on or after December 31, 2001, and on or before December 31, 2006, as a result of a Liquidity Event, the IRR realized by Investors over the term of the investment through the date of closing of such Liquidity Event, and after giving effect to the dilution that would be caused by the exercise of all Options vested (either theretofore or by operation of the provisions of this paragraph (b)) under the Plan and, in the event of an Initial Public Offering, valuing the Common Shares held by Investors immediately before the Initial Public Offering at the Initial Public Offering price, is at least: (A) if the applicable Liquidity Event occurs prior to December 31, 2002, 55%, but is less than 65%; (B) if the applicable Liquidity Event occurs on or after December 31, 2002, but prior to December 31, 2003, 50% but is less than 55%; (C) if the applicable Liquidity Event occurs on or after December 31, 2003, but prior to December 31, 2004, 40% but is less than 45%; or (D) if the applicable Liquidity Event occurs on or after December 31, 2004, 35% but is less than 40%; then the Option, to the extent not theretofore vested or expired, will, as of the date of closing of such Liquidity Event, become vested as to [insert 50% of options granted] Common Shares plus such additional number of Common Shares, if any, determined by multiplying [insert 50% of options granted] by a fraction, the numerator of which is the amount by which the IRR for such periods exceeds 55%, 50%, 40% or 35%, as applicable (depending upon, as set forth in clauses (A), (B), (C) or (D) of this subparagraph (b)(ii), in which year the Liquidity Event occurs), and the denominator of which is: (w) 10%, if the Liquidity Event occurred prior to December 31, 2002; (x) 5, if the Liquidity Event occurred on or after December 31, 2002 but prior to December 31, 2003; (y) 5%, if the Liquidity Event

occurred on or after December 31, 2003, but prior to December 31, 2004; or (z) 5%, if the Liquidity Event occurred on or after December 31, 2004.

(iv) In the event that on or after December 31, 2001, and on or before December 31, 2006, as a result of a Liquidity Event, the IRR realized by Investors over the term of the investment through the date of closing of such Liquidity Event, and after giving effect to the dilution that would be caused by the exercise of all Options vested (either theretofore or by operation of the provisions of this paragraph (b)) under the Plan and, in the event of an Initial Public Offering, valuing the Common Shares held by Investors immediately before the Initial Public Offering at the Initial Public Offering price, is at least: (A) if the applicable Liquidity Event occurs prior to December 31, 2002, 65%; (B) if the applicable Liquidity Event occurs on or after December 31, 2002, but prior to December 31, 2003,

55%; (C) if the applicable Liquidity Event occurs on or after December 31, 2003, but prior to December 31, 2004, 45%; or (D) if the applicable Liquidity Event occurs on or after December 31, 2004, 40%; then the Option, to the extent not theretofore vested or expired, will, as of the date of closing of such Liquidity Event, become vested as to [insert number of options granted] Common Shares.

(v) In the event that Options become vested under paragraph (b) of this Section B(2) as the result of an Initial Public Offering, such vesting will be deemed conditional pending the continuation of your employment with the Company until the earlier of (A) two years after the date of such Initial Public Offering and (B) December 31, 2004.

(c) Combined EBITDA & IRR Test. In the event that either (A) (1) partial vesting of Options occurs on or before December 31, 2003 as the result of Section B(2)(a) (the EBITDA Test) and (2) a Liquidity Event occurs on or before December 31, 2006 in which the IRR realized by Investors satisfies the criterion set forth clause (i), (ii), (iii) or (iv) of the Section B(2)(b) or (B) (1) a partial vesting occurs on or before December 31, 2003 as a result of clause (i), (ii), (iii) or (iv) of Section B(2)(b) (the "IRR Test") solely by reason of the Initial Public Offering and (2) on or before December 31, 2003 the cumulative EBITDA of the Company would have resulted in the Option vesting as to a greater number of Common Shares, then the Option will vest as to such additional number of Common Shares; provided the maximum number of Common Shares as to which the Option can vest under all provisions of the letter is [insert number of options granted].

(c) The Board shall have complete discretion to determine whether the provisions of paragraphs (a), (b) or (c) of this Section B(2) have been satisfied.

(d) If your employment with the Company is terminated for any reason other than death or Disability, including by reason of retirement, voluntary termination or involuntary termination by the Company with or without "Cause" (as defined below), prior to December 31, 2008, the unvested portion of the Option will expire as of the date of such termination of employment. If your employment with the Company and its subsidiaries is terminated by reason of your death or Disability after December 31, 2006

and prior to December 31, 2008, the unvested portion of the Option will expire. If your employment with the Company and its subsidiaries is terminated by reason of your death or Disability on or prior to December 31, 2006, a percentage of the Option will be deemed to have "conditionally vested" depending on the date of termination of your employment as follows:

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Termination of Employment	Percentage of Option Conditionally Vested
<S>	<C>
Prior to December 31, 2001	0%
On or after December 31, 2001 and before December 31, 2002	25%
On or after December 31, 2002 and before December 31, 2003	50%
On or after December 31, 2003 and before December 31, 2004	75%
On or after December 31, 2004	100%

</TABLE>

The remaining portion of the Option will expire as of the date of termination of employment. Final vesting of the "conditionally vested" Option will be dependent upon satisfaction of the applicable provisions of paragraph (a), (b) or (c) of this Section B(2), so that the applicable portion of the "conditionally vested" Option may not be exercised unless the provisions of paragraph (a), (b) or (c), as the case may be, of this Section B(2) are satisfied, and if such conditions are not satisfied the "conditionally vested" Option will expire on December 31, 2006. Such "conditionally vested" Option will not be subject to the first proviso in the first sentence of Section B(1).

(e) On April 15, 2007, provided that you are an employee of the Company or its subsidiaries on such date, to the extent not theretofore vested or expired, the Option will vest.

(3) Subject to the limitations set forth in this letter and in the Plan, after the Option becomes vested, you may exercise the vested portion of the Option, in whole or in part, at any time until: the earlier of (i) the effective time of termination of your employment with the Company for "Cause" (as defined below) or by you for any reason; (ii) the later of (x) one year after termination of your employment with the Company by the Company other than for

Cause (and other than by reason of death, Disability or retirement at, or after, age 65) and (y) 30 days following the occurrence of a Liquidity Event (provided, that if you are subject to a "lock-up agreement" pursuant to such Liquidity Event, 30 days following the expiration of such agreement); (iii) a Company Transfer; or (iv) December 31, 2009.

(4) You may exercise all or any portion of the Option by giving written notice of the exercise to the Company, stating the number of Common Shares that you are purchasing and transmitting cash or check (subject to collection) in the amount of the full purchase price. Attached is a Notice of Exercise form to be used to give the Company written notice of the exercise of your Option.

(5) This Option is not transferable by you except by will or by the laws of descent and distribution or to a Related Transferee, and the Option may be exercised during your

lifetime only by you or your Related Transferees to whom the Option has been transferred. All agreements made by you in this letter shall be binding on your heirs and descendants.

(6) For purposes of this letter and the Plan, "Cause" shall mean with respect to the termination by the Company of an employee of the Company or a Subsidiary of the Company: (i) continual deliberate neglect by the employee in the performance of his material duties; (ii) failure by the employee to devote substantially all of his working time to the business of the Company and its Subsidiaries; (iii) the employee'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 employee's willful failure to follow the lawful directives of the Board or Chief Executive Officer 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 employee's breach of the provisions of any non-competition, non-interference, non-disclosure, confidentiality or other similar agreement executed by the employee 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 employee'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 employee 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.

C. Other Conditions.
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(1) As provided in the Plan, appropriate adjustments shall be made in the number and kind of Common Shares for which the Option may be exercised and the Option price should there be a change in the capital structure of the Company, and the Board shall take appropriate actions in good faith with respect to the Option in the event of a significant corporate transaction.

(2) By signing this letter, you agree to make arrangements satisfactory to the Company to comply with any income and payroll tax withholding requirements that may apply upon the exercise of the Option.

(3) By signing this letter, you agree to hold all of the Common Shares acquired pursuant to the exercise of the Option for investment purposes and not with a view to resale or distribution to the public, unless and until such time as the Common Shares so acquired shall have been registered under applicable state and federal securities laws or an exemption from such registration is available. By signing this letter, you hereby agree to execute such documents as the Company may require with respect to applicable state and federal securities laws, and you agree to any restrictions on the resale of the Common Shares that may pertain.

(4) By signing this letter, neither you nor any other person shall become the beneficial owner of the Common Shares subject to the Option, nor have any

rights to distributions or other rights as a shareholder with respect to any such Common Shares, until you have exercised the Option in accordance with the provisions hereof and of the Plan.

D. Notice. Written notice is deemed to have been given to the Company and the Board if delivered personally or mailed first class, postage prepaid, to the President of the Company at the principal business address of the Company or at such other address or to the attention of such other person as the recipient shall have specified by prior written notice to you. Written notice is deemed to have been given to you if delivered personally or mailed first class, postage prepaid, to you at the address set forth above.

E. Inconsistency with Plan. Notwithstanding any provision herein to the contrary, the Option provides you with no greater rights or claims than are specifically provided for under the Plan. If and to the extent that any provision herein is inconsistent with the Plan, the Plan shall govern.

F. Severability. If any of the provisions of this letter should be deemed unenforceable, the remaining provisions shall remain in full force and effect.

G. Modification. This letter may not be modified or amended, nor may any provision hereof be waived, in any way except in writing signed by the parties hereto.

F. Agreement. In consideration of the grant of the Option, you hereby agree that you will comply with such other conditions as the Board may impose on the exercise of the Option and will perform such duties as may be assigned to you from time to time by the Board or by the executive officers of the Company; provided that the provisions of this sentence shall not be interpreted as affecting any right that the Company may have to terminate your employment at any time.

This Agreement shall be governed by the laws of the State of Colorado.

[Remainder of page intentionally left blank]

FORM OF STOCK OPTION AGREEMENT - PERFORMANCE VESTED
2000 Management Performance Common Stock Option Plan

If you agree to the foregoing terms and conditions, please execute the attached copy of this letter and return it to the President of the Company.

Sincerely,

RED ROBIN INTERNATIONAL, INC.

By: _____

I hereby accept the foregoing Option according to the terms set forth in this letter and in the Red Robin International, Inc. 2000 Management Performance Common Stock Option Plan.

_____
[Insert Name]

RED ROBIN INTERNATIONAL, INC.

2000 MANAGEMENT PERFORMANCE COMMON STOCK OPTION PLAN

NOTICE OF EXERCISE OF OPTION

Pursuant to the terms of the stock option agreement, dated ____ __, 2000, between Red Robin International, Inc. and the undersigned optionee, the optionee hereby exercises the option to purchase _____ Common Shares. The optionee hereby delivers the full option price with respect to the exercised option, which is comprised of cash in the amount of $_____.

Executed this ____day of _____, 200_.

OPTIONEE

_____

Signature

Print or Type Name

Red Robin International, Inc. hereby acknowledges receipt of the foregoing notice of exercise and payment of the option price this ___ day of 200__.

Red Robin International, Inc.

By:

Schedule I

Restaurants That May Be Closed
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115 N. Nellis Boulevard
Las Vegas, Nevada

294 N. El Camino Real
Encinitas, California

12697 Beach Boulevard
Stanton, Virginia

12865 El Camino Real
San Diego, California

EXHIBIT 10.6

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STOCK SUBSCRIPTION AGREEMENT

AMONG

RED ROBIN INTERNATIONAL, INC.,

RR INVESTORS, LLC

AND

RR INVESTORS II, LLC

Dated as of February 18, 2000

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STOCK SUBSCRIPTION AGREEMENT

THIS STOCK SUBSCRIPTION AGREEMENT (the "Agreement") dated as of February 18, 2000, is made among RED ROBIN INTERNATIONAL, INC., a Nevada corporation (the

"Company") and RR INVESTORS, LLC, a Virginia limited liability company ("Investors"), and RR INVESTORS II, LLC, a Virginia limited liability company ("Investors II", and individually, or collectively with Investors, as the context indicates, "Buyer").

RECITALS

The Company desires to issue and sell to Buyer and Buyer desires to subscribe for and purchase, 12,500,000 newly issued shares (the "Shares") of common stock, $0.001 par value (the "Company Common Stock"), on and subject to the terms and conditions set forth herein.

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.

"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 or its Subsidiary's 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 its Subsidiaries or in which the Company or its Subsidiaries have any interest whatsoever.

"Audited Financial Statements" has 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, 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) 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, leased employee, 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's 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.

"Business" means the operation and franchising of the "Red Robin" casual restaurant dining business conducted by the Company and its Subsidiaries.

"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.

"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.

"Claim Notice" has the meaning set forth in Section 8.4(a).

"Closing" has the meaning set forth in Section 2.3.

"Closing Date" has the meaning set forth in Section 2.3.

"Company" means Red Robin International, Inc., a Nevada corporation.

"Company Common Stock" means the common stock, $0.001 par value, of the Company. "Company Debt" means, indebtedness of the Company and its Subsidiaries for borrowed money; provided that Company Debt does not include
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trade account payables incurred by the Company and its Subsidiaries in the ordinary course of business.

"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
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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 (including diminution in value), 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; provided that diminution
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in the value of the Shares shall be a Covered Liability only to the extent that the value of the Shares is less than $2.00 per share, after (i) giving effect to all facts and circumstances, both favorable and unfavorable, affecting such value

at the date of the Claim Notice with respect to an indemnity claim other than facts and circumstances arising out of or relating to the subject matter of such Claim Notice and (ii) subtracting from the value determined pursuant to clause (i) the diminution in value resulting from the subject matter of such Claim Notice as of the date of Final Determination thereof.

"Decrees" has the meaning set forth in Section 3.8.

"Employee Plans" means all Benefit Arrangements, Multiemployer Plans, Pension Plans and Welfare Plans.

"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.

"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 8.4(e).

"Financial Statements" means the Audited Financial Statements and/or the Interim Financial Statements as the context requires.

"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.

"Forecast" means the financial forecast delivered by the Company to Buyer a copy of which is attached hereto as Exhibit A.

"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.

"Hazardous Emissions" has the meaning set forth in Section 3.6.

"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 8.4.

"indemnifying party" has the meaning set forth in Section 8.4.

"Intellectual Property" means all trade names (including the trade name "Red Robin International, Inc."), trademarks and service marks (including the service mark "America's Gourmet Burgers & Spirits"), 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).

"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 (i) 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 or (ii) 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 Effect" or "Material Adverse Change" with respect to such Person.

"Material Contracts" has the meaning set forth in Section 3.19.

"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.

"PBGC" means the Pension Benefit Guaranty Corporation.

"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 material liability (including, without

limitation, any contingent liability) and (ii) covers any employee or former employee, leased employee, 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 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(c)(i).

"Personnel" of a corporation means all directors, officers and employees of such corporation and its Subsidiaries.

"Purchase Price" has the meaning set forth in Section 2.2.

"Real Property" means real property, together with the structures, fixtures and other improvements thereon and the appurtenances, rights and easements thereto.

"SGC" means The Snyder Group Company, a Delaware corporation.

"SGC Acquisition" means the acquisition of the assets or capital stock of SGC.

"Shares" has the meaning set forth in the Recitals.

"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 8.1.

"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 Law" means the Internal Revenue Code, federal, state or local laws relating to Taxes and any regulations or official administrative pronouncements released thereunder.

"Tax Loss" means the tax effect of any item (including any decrease in tax basis of Assets of the Company or 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, 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 Tax.

"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, leased employee, consultant or independent contractor of the Company, any Subsidiary or any ERISA Affiliate (with respect to their relationship with any such entity).

ARTICLE II
ISSUANCE AND SALE OF SHARES

2.1 Issuance and Sale of Shares Upon the terms and subject to the satisfaction or waiver, if permissible, of the conditions hereof, at the Closing the Company shall issue and sell to Investors and Investors II, as the case may be, and Investors and Investors, II shall purchase from the Company, 12,019,231 Shares and 480,769 Shares, respectively, free and clear of all Encumbrances, except for any such Encumbrances which may be created by Buyer. The Company agrees that it will authorize the issuance and sale of the Shares and that upon consummation of the transactions contemplated hereby, the Shares will be validly issued, fully paid and non-assessable.

2.2 Purchase Price The consideration to be paid for the Shares shall be $25,000,000.00 (the "Purchase Price").

2.3 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 March 31, 2000, or such other date as may be agreed upon by the parties (the "Closing Date"). If the Closing takes place, the Closing and all of the transactions contemplated by this Agreement shall be deemed to have occurred as of the close of business on the day preceding the Closing Date.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

As an inducement to Buyer to enter into this Agreement, the Company hereby makes the following representations and warranties to Buyer, 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; provided that no
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representation or warranty is made herein with respect to the business, assets, liabilities or operations of SGC.

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 Nevada, 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. 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 has never had any Subsidiary.

(c) Each Subsidiary of the Company 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. 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 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 and (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.

(c) Except as set forth in Schedule 3.2, 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, except as set forth in Schedule 3.2, 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 shareholders 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 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.

(e) At the Closing pursuant to this Agreement and upon payment of the Purchase Price, the Shares will be validly issued, fully paid and non-assessable.

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 the board of directors of the Company, which authorization constitutes all necessary corporate action on the part of the Company. 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 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 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 terminationm 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 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, to the knowledge of the Company, 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, 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, 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, to the knowledge of the Company, no owners or operators of real property adjacent to the Facilities spilled, released or discharged any Hazardous Substances onto such adjacent properties. To the knowledge of the Company, 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) is 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) To the knowledge of 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, to the knowledge of the Company, 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, 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 To the knowledge of 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 Company, all of which are in full force and effect and, to the knowledge of the Company, except as set forth in Schedule 3.7, all of which will remain in full force and effect following consummation of the transactions contemplated hereby. Except for matters relating to Buyer and its Affiliates, the Company has no 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 Company nor any of its 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 To the knowledge of 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 $25,000 singly or $125,000 in the aggregate. Except as set forth in Schedule 3.8, neither the Company nor any of its Subsidiaries has received any written notice to the effect that, nor does 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 $25,000 singly or $125,000 in the aggregate.

3.9 Financial Statements(a) 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 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 period ended July 11, 1999 (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 have been prepared in accordance with GAAP. 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 have been prepared in accordance with GAAP applied on a consistent basis, subject to changes resulting from normal year-end audit adjustments and the absence of footnotes required by GAAP.

3.10 Absence of Changes Except as set forth in Schedule 3.10, since June 11, 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, (c) there has not been any material deterioration of relations between the Company or its Subsidiaries and their suppliers, franchisees or Personnel and (d) to the knowledge of the Company there has been no 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, contingently or otherwise, to or for the benefit of any of its Personnel, except pursuant to the Employee Plans set forth in Schedule 3.22, (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 commitment to make any capital expenditure in excess of the amounts set forth in the Forecast plus $500,000;

(v) except as set forth in the Forecast or otherwise 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 $50,000, 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 $50,000 in any one instance or $250,000 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) except for drawings under the revolving line of credit in effect on December 27, 1998 in the ordinary course of business, 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 $50,000 individually or $250,000 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 except pursuant to franchise agreements in the ordinary course of business;

(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 shareholder 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 $50,000 individually or $250,000 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 To the knowledge of the Company, 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 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 Company, threatened (i) against (A) the Company or any of its Subsidiaries or their Assets involving amounts not covered by insurance in excess of $50,000 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 the Company does not have 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 judgements or awards against the Company or any of its Subsidiaries or their respective business or Assets. To the knowledge of 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.

3.13 Real Property

(a) Owned Real Property. Schedule 3.13 contains a complete and correct list of all Real Property that is owned by the Company or any of its Subsidiaries (the "Owned Real Property"). The Owned Real Property is all of the Real Property (other than Leased Real Property (hereinafter defined)) used in connection with the Business. Except as set forth in Schedule 3.13, the Company and its Subsidiaries own good and marketable fee simple title to all of the

Owned Real Property free and clear of Encumbrances, except for Permitted Encumbrances. Without limiting the foregoing,

(i) there are no outstanding options or rights of first refusal or first offer to purchase any Owned Real Property, or any portion thereof or interest therein;

(ii) there are no pending, or to the knowledge of the Company threatened, condemnation proceedings relating to any of the Owned Real Property or other matters materially and adversely affecting the current use, occupancy or value thereof;

(iii) except as set forth in Schedule 3.13, other than Permitted Encumbrances, there are no leases, subleases, licenses, concessions or other agreements, written or oral, granting any Person the right of use or occupancy of any portion of the Owned Real Property; and

(iv) no Person, other than the Company and its Subsidiaries and tenants under leases set forth in Schedule 3.13, is in possession of the Owned Real Property.

(b) Leased Real Property.

(i) Schedule 3.13 sets forth all leases ("Real Property Leases") pursuant to which Facilities are leased by the Company and 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. 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 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 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) the Company has not received written notice of any pending or, to the knowledge of 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 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 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 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 Company, no Facility thereon is in material violation of applicable zoning Laws;

(ii) to the knowledge of 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, 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;

(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 $50,000, 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 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 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 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) except as set forth in Schedule 3.14, 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, 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 Franchise Operations Set forth in Schedule 3.15 is an accurate and complete list (by franchise number, name of franchisee of record and location) of all of the franchisees of the Company and its Subsidiaries. To the knowledge of the Company, each area development agreement, franchise agreement and other agreement providing substantial rights or obligations of the Company or any of its Subsidiaries to franchisees or of franchisees to the Company or any of its Subsidiaries (collectively, the "Franchise Agreements") and any disclosure document previously used or currently in use in connection with any of the Franchise Agreements complies in all material respects with all Laws applicable thereto in effect at the time that such agreements were executed or used. Except as set forth in Schedule 3.15, since January 1, 1996, there has not occurred or, to the knowledge of the Company, been threatened any dispute with respect to, or termination or non-renewal by a franchisee of, any of the Franchise Agreements. Except as set forth in Schedule 3.15, the Company does not

have knowledge that any franchisee intends to terminate or not to renew its Franchise Agreement or otherwise change its existing relationship with the Company. Except as set forth in Schedule 3.15, neither the Company nor any of its Subsidiaries is required to be registered under state franchise registration or comparable laws. The Company's franchise offering circular has been filed where required, in accordance with all applicable Laws, except where the failure to file would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole. Except as set forth in Schedule 3.15, no stop orders, suspensions, injunction or other adverse determination has been issued by any Governmental Authority with respect to any such franchise registration, nor is any such stop order, suspension, injunction or determination contemplated.

3.16 Sufficiency of Assets The Assets constitute all of the properties and assets used or held for use in connection with, necessary for, or material or otherwise relating to the Business. 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.

3.17 Books and Records The Company and its Subsidiaries have made and kept Books and Records and accounts which, 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, correct and complete and contain copies of the minutes and records of, and accurately and adequately reflect, all 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, correct and complete and accurately and adequately reflect all transactions in connection with the Company's and its Subsidiaries' capital stock through and including the date hereof.

3.18 Intellectual Property; Computer Software..

(a) Schedule 3.18 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 3.18. 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 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 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 Company or any of its Subsidiaries that such third party is claiming ownership of or right to use any Intellectual Property, and, to the knowledge of 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.

(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 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.

3.19 Material Contracts.

(a) Schedule 3.19 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),

including all Contracts related to the SGC Acquisition, 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 $50,000 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 Company, any member of any such person's immediate family, involving annual compensation in excess of $50,000, 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 $250,000 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 $250,000 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 $50,000, 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 3.19, the consequences of a default or termination under which would have a Material Adverse Effect on the

Company 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 3.19 and has included as part of Schedule 3.19 a brief summary of the material terms of each oral Material Contract.

(b) With respect to each Contract set forth or described in Schedule 3.19 except as set forth in Schedule 3.19, (i) there is no material default under any such Contract by the Company or any of its Subsidiaries or, to the knowledge

of 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 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 Company, no party has repudiated any term thereof or threatened to terminate, cancel or not renew any such Contract.

3.20 Insurance Schedule 3.20 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 3.20 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. Except as set forth in Schedule 3.20, since January 1, 1994, 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 3.20 describes any self-insurance arrangements affecting the Company or any of its Subsidiaries.

3.21 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 3.22(a) as an Employee Benefit Plan. For purposes of this Section 3.21, the terms "employee" or "employees" shall be considered to include individuals rendering personal services to the Company or any of its Subsidiaries as independent contractors.

(b) Schedule 3.21 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 3.21 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 3.21 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 3.21 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 3.21 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 3.21, 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.

3.22 Employee Plans.

(a) Schedule 3.22 contains a complete list of Employee Plans. True and complete copies of each of the following documents have been delivered to Buyer: (i) the current version of each Employee Plan (and, if applicable, related trust agreements and all amendments thereto), 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) the most recent determination letter, if any, 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 Plan (to the extent required) which covers or has covered employees, consultants or independent contractors of the Company or any of its Subsidiaries, (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 thirty (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.

(b)

(i) Pension Plans.

(A) 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 in Schedule 3.22, 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 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) 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. 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.

(ii) Multiemployer Plans; Multiple Employer Plans. None of
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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) 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 3.22, 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 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) 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) 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) 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. Of the Internal Revenue Code.

(iv) Benefit Arrangements. 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 which 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 3.22, the employment of all persons presently employed or retained by the Company or any of its Subsidiaries is terminable at will.

(v) Unrelated Business Taxable Income; Unpaid Contributions. No Employee Plan (or trust or other funding vehicle pursuant thereto) has incurred any material liability under Section 511 of the Internal Revenue Code. 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 (i) that is not deductible under Section 162(a)(1) or 404 of the Internal Revenue

Code or (ii) 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.

None of the Company or any of its Subsidiaries or any plan fiduciary of any Welfare Plan or Pension Plan which covers 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. There is no Action, order, writ, injunction, judgment or decree outstanding or, to the knowledge of the Company, any governmental audit or investigation, relating to or seeking benefits under any Employee Plan (including any Action, order, writ, injunction, judgement 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 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 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 3.22, neither the execution and delivery of this Agreement or the SGC Acquisition 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 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.

(c) There does not now exist, nor, to the knowledge of 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.

3.23 Tax Matters.

(a) Filing of Tax Returns. The Company and each of its Subsidiaries has 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 on or prior to the Closing Date. All such Tax Returns are complete and accurate in all

material respects. Except as set forth in Schedule 3.23, neither the Company nor 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 material 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 a 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. To the knowledge of the Company, each of the Company and its Subsidiaries has disclosed on its federal income Tax Returns all material positions taken that could give rise to a substantial understatement penalty under Section 6662 of the Internal Revenue Code.

(b) Payment of Taxes. All material Taxes for which the Company or any of its Subsidiaries are or may be liable in respect of periods (or portions thereof) ending on or before the Closing Date, 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. No substantial deficiencies for Taxes have been claimed, proposed or assessed in writing by any Taxing Authority against the Company or any of its Subsidiaries which have not been paid or reserved in the Financial Statements. There are no pending or, to the knowledge of the Company, threatened audits, investigations or claims for or relating to any material 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 a material 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 3.23 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 with respect to any matters relating to Taxes which is currently in force.

(d) Encumbrances. There are no material 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. None of the material Assets of the

Company or any of its Subsidiaries is property that (i) to the knowledge of 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 material elections with respect to Taxes affecting the Company or any of its Subsidiaries as of the date hereof are set forth in Schedule 3.23. 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. Except as set forth in Schedule 3.23, none of Company or any of its Subsidiaries has agreed in writing to make, or to the knowledge of the Company 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.

(g) Withholding. 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. 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 for which the statute of limitations has not expired.

(i) Tax Sharing 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.

3.24 Transactions with Certain Persons Except as disclosed in Schedule 3.24, (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 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 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 3.24 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 3.24 as remaining in place or having ongoing obligations or duties.

3.25 Suppliers Schedule 3.25 sets forth for each of the fiscal years 1998 and 1999, 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 3.25, none of the Company or any of its 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.

3.26 Banking Relationships Schedule 3.26 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.

3.27 Prohibited Payments To the knowledge of 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.

3.28 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"). To the knowledge of 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.

3.29 Brokers Except for Banc of America Securities LLC, 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. A true and complete copy of the agreements between the Company and Banc of America Securities LLC has been delivered to Buyer.

3.30 Full Disclosure 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 BUYER

As an inducement to the Company to enter into this Agreement, Buyer hereby makes the following representations and warranties to the Company, except as otherwise set forth in written disclosure schedules (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 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 warranty to which such other Schedule relates.

4.1 Organization; Qualification Each Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia and has legal power and authority to own all of its properties and assets and to carry on its business as it is presently being conducted.

4.2 Authority Relative to this Agreement Each Buyer has all necessary legal 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 Buyer of this Agreement and the consummation by each Buyer of the transactions contemplated hereby have been duly authorized by the manager of such Buyer and no other company proceedings on the part of either Buyer are necessary with respect thereto. This Agreement has been duly executed and delivered by each Buyer and, assuming that the Company has duly authorized, executed and delivered this Agreement, this Agreement constitutes a valid and binding obligation of each Buyer, enforceable against

each Buyer in accordance with its terms.

4.3 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 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 4.3. 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 is a party or by which it is bound, consent to the execution and delivery of this Agreement by either Buyer or the consummation of the transactions contemplated hereby.

4.4 Non-Contravention The execution, delivery and performance by each Buyer of this Agreement do not, and the consummation by each Buyer of the transactions contemplated hereby will not (i) violate or result in a breach of any provision of the articles of organization or operating agreement of either Buyer, (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 is a party or by which either Buyer is bound, or (iii) violate any order, writ, injunction, decree or Law applicable to either Buyer.

4.5 Litigation There is no Decree or Action pending or, to the knowledge of Buyer, threatened (a) against either Buyer 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 on the ability of either Buyer 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.

4.6 Investment Representations Each Buyer acknowledges that the Shares are not being registered under the Securities Act, based, in part, on reliance that the issuance of the Shares is exempt from registration under Section 4(2) of the Securities Act as not involving any public offering. Each Buyer further acknowledges that the Company's reliance on such exemption is predicated, in part, on the representations set forth below made by such Buyer to the Company:

(a) Each Buyer is acquiring the Shares solely for such Buyer's 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 the Shares within the meaning of the Securities Act;

(b) Each Buyer 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 the Shares;

(c) Each Buyer is experienced in evaluating and investing in companies such as the Company. Each Buyer has been given access to all books, records and other information of the Company which such Buyer has desired to review and analyze in connection with Buyer's purchase of the Shares hereunder;

(d) Each Buyer is aware that an investment in Shares of a closely held corporation such as the Company is not liquid and will require such Buyer's capital to be invested for an indefinite period of time, possibly without return. Each Buyer has the ability to bear the economic risk of this investment, and can afford a complete loss of the Purchase Price;

(e) Each Buyer understands that (i) the offering and sale of the Shares hereunder has not been registered under the Securities Act, and that the Shares may not be re-offered or re-sold unless the Shares are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available, (ii) if any transfer of the Shares is to be made in reliance on an exemption under the Securities Act, the Company 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 the Company, the Shares may bear a legend to the effect of clauses (i) and (ii) of this paragraph. Each Buyer 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 either Buyer 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 Brokers 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.

ARTICLE V
ADDITIONAL AGREEMENTS

5.1 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 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, franchisees, 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, (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.

5.2 Forbearances Except as contemplated by this Agreement or as set forth on Schedule 5.2, 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 IX, 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 June 11, 1999, would have been in violation of Section 3.10 or (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.

5.3 Negotiations with Others From the date hereof until the earlier of (i) the Closing Date or (ii) termination of this Agreement under Article IX, the Company shall not, and shall instruct each of its representatives (including investment bankers, attorneys and accountants) not to, 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"); provided that the prohibitions in this Section 5.3 do
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not apply to the SGC Acquisition. The Company hereby represents that neither it nor any of its representatives is presently engaged in discussions or negotiations with any party other than Buyer with respect to any Proposed Acquisition Transaction. The Company agrees 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.

5.4 Investigation of Business and Properties From the date hereof until the earlier of (i) the Closing Date and (ii) termination under Article IX, the Company will, and will cause its Subsidiaries to, afford Buyer, any financial institution providing financing to the Company 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.

5.5 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 agreement dated May 17, 1999 between Quad-C, Inc and the Company (the "Buyer Confidentiality Letter") 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 Buyer Confidentiality Letter. 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, subject to the provisions of the Buyer Confidentiality Letter, to the extent such disclosure is required by law.

5.6 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.

5.7 Expenses Except as 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; provided that in the event the transaction contemplated hereby are consummated, the fees and expenses of Buyer's advisers, including PriceWaterhouse Coopers LLP and McGuire, Woods, Battle & Boothe LLP, and the out-of-pocket expenses of Buyer and its Affiliates (including Quad-C, Inc., Quad-C Management, Inc. and their Affiliates), with respect to this Agreement and the transactions contemplated hereby, up to a maximum amount of $600,000, shall be paid by the Company (i) at the Closing to the extent invoices are provided at the Closing and (ii) promptly after delivery of invoices therefor if delivered after the Closing.

5.8 Interim Financial Statements From the date hereof through the Closing date, the Company shall provide to Buyer 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.

5.9 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 5.9. Without limiting the generality of the foregoing, (i) the Company agrees to cause its Personnel to provide all necessary cooperation in connection with the arrangement of any financing to be consummated as contemplated by Section 6.12 hereof, including participating in meetings, due diligence sessions and road shows, the preparation of offering memoranda and similar documents and the execution of definitive financing documents 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. No consideration, whether such consideration shall consist of the payment of money or shall take any other form, for any such 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, (ii) Buyer to guarantee the financing to be provided to the Company as contemplated hereby or (iii) 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.

5.10 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 physical plants 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.

5.11 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.

5.12 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.

ARTICLE VI
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 10.8:

6.1 Representations and Warranties The representations and warranties of the Company contained in Article III 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
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knowledge" and similar terms and phrases shall be deemed to be deleted therefrom; provided further that to the extent that any such representations and
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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.

6.2 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.

6.3 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.

6.4 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 or impair Buyer's ability to own the Shares if the transactions contemplated hereby are consummated.

6.5 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.

6.6 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.

6.7 Opinion of Counsel The Company shall have delivered to Buyer an opinion of O'Melveny & Myers LLP, counsel for the Company, dated as of the Closing Date, substantially with respect to the matters set forth in Exhibit B attached hereto and stating that such opinion is made for the benefit of Buyer and the Company's institutional lenders, and the Company's institutional lenders shall be entitled to rely thereon as if such opinion were addressed to them.

6.8 Closing Deliveries Buyer shall have received, at or prior to the Closing, the following:

(i) Certificates evidencing the Shares in form and substance reasonably satisfactory to Buyer;

(ii) a certificate of the Company executed by the Secretary of the Company 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 authorizing the execution, delivery and performance of this Agreement by the Company and the consummation of the transactions contemplated hereby and (D) incumbency matters;

(iii) 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 6.1, 6.2, 6.3 and 6.9 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 Nevada 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 Nevada and all other states where it is qualified to do business; and

(vi) all other documents and certificates required to be delivered by the Company pursuant to the terms of this Agreement.

6.9 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 occurrence or circumstance that with the passage of time might reasonably be expected to result in such Material Adverse Change.

6.10 Capitalization At the Closing and without giving effect to the issuance of the Shares to Buyer, but taking into account the issuance of shares of Company Common Stock in connection with the consummation of the SGC Acquisition, there shall be issued and outstanding 16,369,827 shares of Company Common Stock, which shares shall constitute all of the issued and outstanding capital stock of the Company. In addition, (i) there shall be outstanding under each of the Company's Employee Stock Option Plan, 1990 and Employee Stock Option Plan, 1996 only the options to purchase Company Common Stock granted to the

persons in the amounts set forth in Schedule 6.10 under the caption "Existing Options," and (ii) the Company's 2000 Management Performance Common Stock Option Plan having substantially the terms set forth in Exhibit F hereto shall have been adopted by the Board of Directors of the Company providing for the grant of Options to purchase up to 2,836,500 additional shares of Company Common Stock (of which 2,800,000 shall have been granted as of the Closing Date to the persons, in the amounts and on the terms set forth on Schedule 6.10 under the caption "New Options)." Except for the Existing Options and the New Options there shall not be any securities or obligations convertible into or exchangeable for, or giving any Person any right to acquire any shares of capital stock of the Company.

6.11 SGC Acquisition The SGC Acquisition shall have been consummated pursuant to the Agreement and Plan of Merger dated the date hereof and executed contemporaneously with the execution of this Agreement. Buyer shall have been accorded access to the Assets, business, operations and Personnel of SGC to the same extent Buyer is to be accorded access to the Assets, operations, business and Personnel of the Company and its Subsidiaries pursuant to Section 5.4 hereof.

6.12 Financing The Company shall have obtained and consummated financing and received proceeds thereof on terms and conditions reasonably satisfactory to Buyer, sufficient to retire outstanding Company Debt as set forth in the Forecast, to provide capital required for the opening of additional owned restaurants as set forth in the Forecast and to provide working capital for its operations after the Closing.

6.13 Shareholders Agreement; Registration Rights Agreement The Master Agreement among the Company, Skylark Company, Ltd. and certain other shareholders of the Company dated as of March 10, 1996 and the Stock Purchase Agreement between Skylark, Gerald I. Kingen and others dated December 29, 1996 shall each have been terminated by the parties thereto. The Company and shareholders holding in excess of 90% of Company Common Shares on a Fully-Diluted Basis shall have entered into the Shareholders Agreement and a Registration Rights Agreement substantially in the forms of Exhibits C and D hereto.

6.14 Board of Directors The boards of directors of the Company and each of its Subsidiaries shall have been reconstituted as contemplated by Section 2(a) of the Shareholders Agreement, and any resignations of directors necessary to accomplish the foregoing shall have submitted to the Company and each of its Subsidiaries, as the case may be, effective as of the Closing Date.

6.15 Consulting Services Agreement The Company shall have entered into the Consulting Services Agreement with Quad-C Management, Inc. substantially in the form of Exhibit E hereto.

6.16 Lender Releases Upon receipt of the funds to retire the Company Debt, the lenders with respect to the Company Debt shall (i) cancel, terminate, extinguish and deliver to Buyer all instruments with respect to such Company Debt (collectively, "Debt Instruments") and shall release all Encumbrances in connection therewith (and shall, if necessary or advisable, reconvey all Assets or property that are the subject of such Encumbrances) and (ii) deliver to the Company an acknowledgment of payment and release and other evidence reasonably satisfactory to Buyer of such termination, cancellation and extinguishment of all Debt Instruments and related Encumbrances.

6.17 Employment and Non-competition Agreements Michael J. Snyder shall have executed and delivered to the Company employment and confidentiality, non-competition and non-disturbance agreements substantially in form of Exhibits G and H hereto.

6.18 Payment or Reimbursement of Expenses To the extent that invoices have been provided to the Company, all expenses of Buyer required by Section 5.7 to be paid by the Company at the Closing shall have been paid.

6.19 Conversion of Hibari Debt All obligations under the promissory notes issued by the Company payable to the order of Hibari Guam Corporation (the "Hibari Debt") shall have been canceled in exchange for the issuance to the holder of the Hibari Debt of 2.25 million shares of Company Common Stock.

ARTICLE VII
CONDITIONS TO OBLIGATIONS OF THE COMPANY

The obligation of the Company 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 10.8.

7.1 Representations and Warranties The representations and warranties of Buyer contained in Article 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 Buyer 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 or waivers listed in Schedule 4.3 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.

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 the Company 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 this Agreement.

7.6 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.

7.7 Opinion of Counsel Buyer shall have delivered to the Company an opinion of McGuire, Woods, Battle & Boothe LLP, counsel for Buyer, dated as of the

Closing Date, substantially with respect to the matters set forth in Exhibit I attached hereto.

7.8 Closing Deliveries The Company shall have received, at or prior to the Closing, the following:

(i) a certificate of Buyer executed by the Secretary of Buyer certifying as of the Closing Date (A) a true and correct copy of the articles of organization of Buyer, (B) a true and correct copy of the operating agreement of Buyer, (C) a true and correct copy of the resolutions of the manager of Buyer authorizing the execution, delivery and performance of this Agreement by the Buyer and the consummation of the transactions contemplated hereby and (D) incumbency matters;

(ii) a certificate of Buyer executed by a Vice President of Buyer certifying that, as of the Closing Date, the conditions set forth in Sections 7.1, 7.2, and 7.3 with respect to Buyer have been satisfied;

(iii) a copy of the articles of organization of Buyer and all amendments thereto, each certified as of a recent date by the Clerk of the State Corporation Commission of the Commonwealth of Virginia;

(iv) a certificate of the Clerk of the State Corporation Commission of the Commonwealth of Virginia certifying the good standing of Buyer in Virginia; and

(v) all other documents and certificates required to be delivered by Buyer pursuant to the terms of this Agreement.

7.9 Partial Repayment of Company Debt The Company Debt set forth in Schedule 7.9 shall have been reduced to a principal balance not to exceed $20

million.

7.10 Conversion of Hibari Debt All obligations under the Hibari Debt shall have been canceled in exchange for the issuance to the holder of the Hibari Debt of 2.25 million shares of Company Common Stock.

7.11 Purchase Price The Purchase Price, in immediately available funds, shall have been delivered to the Company.

ARTICLE VIII
SURVIVAL OF REPRESENTATIONS; INDEMNIFICATION

8.1 Survival of Representations The representations and warranties of the Company contained in this Agreement (including the Schedules hereto) or any certificate

or instrument delivered pursuant hereto and the corresponding indemnification obligations of the Company pursuant to Section 8.2 will survive until the first anniversary of the Closing Date; provided that the representations and
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warranties contained in Sections 3.1, 3.2 and 3.3 shall survive the Closing indefinitely. All representations and warranties of Buyer contained in this Agreement (including the Schedules hereto) or any certificate or instrument delivered pursuant hereto and the corresponding indemnification obligations of Buyer pursuant to Section 8.3 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 8.1, any representation or warranty in respect of which indemnification may be sought under Section 8.2 or 8.3, 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.

8.2 Indemnification by the Company.

(a) Subject to the limitations contained in this Article VIII, the Company will indemnify and hold harmless Buyer, its subsidiaries, Affiliates, each of their respective 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 in this Agreement or in any document delivered pursuant hereto; 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, 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; and

(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.

(b) The claims for indemnity by Buyer Indemnified Parties pursuant to this Section 8.2 are referred to as "Buyer Claims." The indemnity provided for in this

Section 8.2 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.

8.3 Indemnification by Buyer.

(a) Subject to the limitations contained in this Article VIII, Buyer will indemnify and hold harmless the Company, its Affiliates, each of their respective partners, directors, officers, employees and agents, and each

of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Company Indemnified Parties") from and against, and pay or reimburse the Company Indemnified Parties for, any and all Covered Liabilities actually incurred or paid by the Company 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, 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 claims for indemnity by Company Indemnified Parties pursuant to this Section 8.3 are referred to as "Company Claims." The indemnity provided for in this Section 8.3 is not limited to matters asserted by third parties against any Company Indemnified Party, but includes Covered Liabilities actually incurred or sustained by any Company Indemnified Party in the absence of third-party claims.

8.4 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.

(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) 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 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 8.4(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 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 8.4(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 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 8.4(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 thirty (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. 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 thirty (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) Any Covered Liabilities for which an indemnifying party is responsible shall, subject to the provisions of Section 8.5 hereof, be paid directly by the indemnifying party. Upon Final Determination (as defined below) of the amount of a claim for indemnification, the indemnified party shall pay the amount of such claim within twenty (20) days after the date of such Final Determination together with interest at the prime rate of Morgan Guaranty Trust Company of New York from time to time, from (and including) the later of (i) the date of delivery of the Claim Notice or (ii) the date such Covered Liability was paid or incurred, to (and including) the date immediately preceding the date of payment.

(e) 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.

8.5 Limitations on Indemnification.

(a) Notwithstanding any other provision of this Article VIII, (i) the Company shall not be liable under Section 8.2(a)(i) unless and until the aggregate amount of liability thereunder exceeds $1,000,000, 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 3.1, 3.2, 3.3, 3.24 and 3.29 and (ii) the maximum amount for which the Buyer Indemnified Parties shall be entitled to indemnification under Section 8.2(a) shall be $15 million in the aggregate.

(b) Notwithstanding any other provision of this Article VIII, (i) Buyer shall not be liable under Section 8.3(a)(i) unless and until the aggregate amount of liability (after taking into account any insurance proceeds actually paid with respect thereto) thereunder exceeds $1,000,000, 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 4.1, 4.2, 4.6 and 4.7 and (ii) the maximum amount for which the Company Indemnified Parties shall be entitled to indemnification under Section 8.3(a) shall be $15 million in the aggregate.

8.6 Calculation of Covered Liabilities.

(a) Insurance Proceeds. To the extent that any Buyer Claim or Company
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Claim is covered by insurance held by such Buyer Indemnified Party or Company Indemnified Party, such indemnified party shall be entitled to indemnification

pursuant to Section 8.2 or 8.3, 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.

(b) Effect of Taxes. The amount of any indemnity payments for Covered Liabilities under Section 8.2 or 8.3 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 8.5. 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. Any indemnity payment made pursuant to Section 8.2 or 8.3 shall be treated by Buyer and the Company as an adjustment to the Purchase Price for Tax purposes unless a determination (as defined in Section 1313 of the Internal Revenue Code) with respect to the indemnified party causes any such payment not to constitute an adjustment to the Purchase Price for U.S. federal income Tax purposes.

8.7 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 VIII shall be the exclusive remedy of Buyer and the Company 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 VIII, 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 IX
TERMINATION

9.1 Termination This Agreement may be terminated at any time prior to the Closing:

(i) by the mutual written consent of the Company and Buyer;

(ii) by Buyer, if any event occurs which renders impossible compliance with one or more of the conditions set forth in Article VI 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, 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 the Company; provided that the Company has 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 or Buyer if the Closing has not occurred by 11:59 p.m. April 30, 2000.

9.2 Procedure: Effect of Termination If this Agreement is terminated as provided in Section 9.1, 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 5.5 and 5.7; provided that termination of this Agreement by Buyer or the Company pursuant to clause (ii) or (iii) of Section 9.1, 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 X
GENERAL PROVISIONS

10.1 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:

Red Robin International, Inc.
5575 DTC Parkway, Suite 110
Englewood, Colorado 80111
Attention: Michael J. Snyder
and John W. Grant
Facsimile No.: 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 No.: 949-823-6994

(b) If to 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.
Facsimile No.: 804-979-1145

with a copy to:

McGuire, Woods, Battle & Boothe LLP
One James Center
Richmond, Virginia 23219
Attention: Leslie A. Grandis
Facsimile No.: 804-775-1061

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.

10.2 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 10.2(a) hereto after reasonable inquiry of other Personnel of the Company and its Subsidiaries, and "knowledge of Buyer" shall mean the actual knowledge of the executive officers of Buyer identified in Schedule 10.2(b) hereto after reasonable inquiry of other Personnel of Buyer. 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.

10.3 Entire Agreement This Agreement, together with the Buyer Confidentiality Letter and 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 and opinions attached hereto as Exhibits or Schedules shall be superseded by the copies of such agreements and opinions executed and delivered by the respective parties thereto, the execution and delivery of such agreements and opinions by the parties thereto to be conclusive evidence of such parties' approval of any change or modification therein.

10.4 No Third Party Beneficiaries Except as set forth in Article VIII, nothing in this Agreement (whether expressed or implied) is intended to confer upon any person other than the parties hereto and their respective permitted successors and assigns, 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.

10.5 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.

10.6 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.

10.7 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.

10.8 Extension; Waiver At any time prior to the Closing either party to this Agreement 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.

10.9 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

10.10 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.

10.11 Jurisdiction; Waiver of Jury Trial The parties hereto irrevocably submit to the exclusive jurisdiction of the United States District Court for the District of Colorado (or, if subject matter jurisdiction in that court is not available, in the District Court for the City and County of Denver) 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 which 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.

10.12 Governing Law. This Agreement shall be governed in all respects by the laws of the State of New York without regard to any laws or regulations relating to choice of laws (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their duly authorized officers.

RED ROBIN INTERNATIONAL, INC.

By: /s/ James P. McCloskey

James P. McCloskey
Chief Financial Officer

RR INVESTORS, LLC

By:

Edward T. Harvey, Jr.
President

RR INVESTORS II, LLC

By:

Edward T. Harvey, Jr.
President

the fullest extent permitted by applicable Law, any objection which 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.

10.12 Governing Law. This Agreement shall be governed in all respects by the laws of the State of New York without regard to any laws or regulations relating to choice of laws (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their duly authorized officers.

RED ROBIN INTERNATIONAL, INC.

By:

James P. McCloskey
Chief Financial Officer

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

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 therefor 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 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 actions 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 attorneys 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 Greenwood Village, 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 therefor. 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 27/th/ day of February, 2001.

/s/ Michael J. Snyder
- ----------
Michael J. Snyder

EXHIBIT 10.30

RED ROBIN GOURMET BURGERS, INC.
2000 MANAGEMENT PERFORMANCE COMMON STOCK OPTION PLAN
OPTION EXERCISE AGREEMENT - EARLY EXERCISE

Name of Optionee:	Robert J. Merullo
Date of Grant of Option:	May 11, 2000
Exercise Price per Share:	$2.00
Number of Shares Being Exercised:	250,000

The undersigned (the "Purchaser") hereby irrevocably elects to exercise his/her right, evidenced by that certain stock option agreement dated as of the Date of Grant of Option identified above (the "Option Agreement") under the Red Robin Gourmet Burgers, Inc. 2000 Management Performance Common Stock Option Plan (the "Plan"), as follows:

- the Purchaser hereby irrevocably elects to purchase a number of shares of Common Stock, par value $0.001 per share (the "Shares"), of Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Corporation"), equal to the Number of Shares Being Exercised set forth above, and

- such purchase shall be at a price per share equal to the Exercise Price per Share set forth above (subject to applicable withholding taxes).

1. Investment Representations. The Purchaser acknowledges that the sale of the Shares by the Purchaser is restricted by SEC Rule 701. The Purchaser hereby affirms as made as of the date hereof the representations in his or her Option Agreement and such representations are incorporated herein by this reference. The Purchaser represents that he/she has no need for liquidity in this investment, has the ability to bear the economic risk of this investment, and can afford a complete loss of the purchase price for the Shares. The Purchaser acknowledges receipt of the Corporation's condensed consolidated financial information.

The Purchaser also understands and acknowledges (a) that the certificates representing the Shares will be legended as provided for below, and (b) that the Corporation has no obligation to register the Shares or file any registration statement under federal or state securities laws.

The certificates representing the Shares will bear the following legends or substantially similar legends:

"OWNERSHIP OF THIS CERTIFICATE, THE SHARES EVIDENCED BY THIS CERTIFICATE AND ANY INTEREST THEREIN ARE SUBJECT TO SUBSTANTIAL RESTRICTIONS ON TRANSFER UNDER APPLICABLE LAW AND UNDER AGREEMENTS WITH THE CORPORATION, INCLUDING RESTRICTIONS ON SALE, ASSIGNMENT, TRANSFER, PLEDGE OR OTHER DISPOSITION."

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("ACT"), NOR HAVE THEY BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. NO TRANSFER OF SUCH SECURITIES WILL BE PERMITTED UNLESS A REGISTRATION STATEMENT UNDER THE ACT IS IN EFFECT AS TO SUCH TRANSFER, THE TRANSFER IS MADE IN ACCORDANCE WITH RULE 144 UNDER THE ACT, OR IN THE OPINION OF COUNSEL TO THE CORPORATION, REGISTRATION UNDER THE ACT IS UNNECESSARY IN ORDER FOR SUCH TRANSFER TO COMPLY WITH THE ACT AND WITH APPLICABLE STATE SECURITIES LAWS."

"THE SHARES ARE SUBJECT TO THE CORPORATION'S RIGHT TO REPURCHASE THEM UNDER AN AGREEMENT WITH THE CORPORATION, A COPY OF WHICH IS AVAILABLE FOR REVIEW AT THE OFFICE OF THE SECRETARY OF THE CORPORATION."

2. Vesting. The Shares are being acquired prior to the time that they have become vested in accordance with the terms of the Option Agreement. Accordingly, the Shares are subject to the Corporation's repurchase right set forth in Section 5 below and other restrictions set forth herein. The Shares shall vest, and the Corporation's repurchase right under Section 5 shall lapse, as of the date(s) that the Option would have otherwise become vested as to such Shares. The maximum number of Shares that may vest on any occasion or event shall not exceed the number of shares that would have otherwise vested on such date under the Option Agreement had the underlying stock option not been exercised prior to full vesting to acquire the Shares. No additional Shares shall vest after the date that the Purchaser's employment by the Corporation terminates.

3. Delivery of Share Certificate. The Corporation shall issue a certificate or certificates for the Shares, registered in the name of the Purchaser, which certificate(s) shall upon redelivery thereof to the Corporation pursuant to the following provisions of this Section 3 be held by the Corporation until the restrictions on such Shares shall have lapsed and the Shares shall thereby have become vested or the Shares represented thereby are repurchased by the Corporation in accordance with Section 5.

Upon delivery to the Purchaser of the certificate(s) representing the Shares, the Purchaser shall redeliver such certificate(s) to the Corporation, together with a stock power or stock powers, in blank and in substantially the form attached hereto, with respect to such certificate(s), to be held by the Corporation pursuant to the terms hereof. The Purchaser hereby appoints the Corporation and each of its authorized representatives as the Purchaser's attorney(s)-in-fact to effect any transfer of the Shares that are repurchased by the Corporation in accordance with the terms hereof or related cash, property or rights (including Restricted Property, as such term is defined below) to the Corporation as may be required pursuant to this Exercise Agreement and to execute such documents as the Corporation or such representatives deem necessary or advisable in connection with any such transfer.

Promptly after the vesting of the Shares in accordance with Section 2 above, a certificate or certificates evidencing the number of shares of Common Stock as to which the restrictions

have lapsed or been released shall be delivered to the Purchaser or other person entitled under the terms hereof and of the Plan to receive the shares. The Shares so delivered shall no longer be subject to the Corporation's repurchase right under Section 5, but such shares shall continue to be subject to the other restrictions set forth herein, in the Option Agreement, and in the Plan. Vested Shares and any other amounts deliverable pursuant to the Shares shall be delivered and paid only to the Purchaser or the Purchaser's beneficiary or personal representative, as the case may be.

4. Dividend; Voting Rights. After the date of issuance of the Shares, the Purchaser shall be entitled to cash dividends and voting rights with respect to the Shares, but such rights shall terminate as to any Shares that are repurchased by the Corporation in accordance with Section 5. Any securities or other property receivable in respect of the Shares by the Purchaser as a result of any dividend or other distribution, conversion or exchange of or with respect to the Shares are, together, referred to as "Restricted Property." Upon a repurchase of any Shares by the Corporation in accordance with Section 5, the Restricted Property related to such repurchased Shares shall be automatically transferred to the Corporation, without any further action by the Purchaser (or the Purchaser's beneficiary or personal representative, as the case may be) or additional consideration from the Corporation. The Corporation may take any other action necessary or advisable to evidence such transfer. The Purchaser, or the Purchaser's beneficiary or personal representative, as the case may be, shall deliver any additional documents of transfer that the Corporation may request to confirm the transfer of such Restricted Property to the Corporation.

5. Corporation's Repurchase Right. Subject to the terms and conditions of this Section 5, the Corporation shall have the right (the "Repurchase Right") (but not the obligation) to repurchase in one or more transactions in connection with the termination of the Purchaser's employment with the Corporation, and the Purchaser (or any permitted transferee) shall be obligated to sell any of the Shares that have not, as of the date of such termination of employment, become vested.

To exercise the Repurchase Right, the Corporation must give written notice thereof to the Purchaser (the "Repurchase Notice"). The Repurchase Notice is irrevocable by the Corporation and must (a) be in writing and signed by an authorized officer of the Corporation, (b) set forth the Corporation's intent to exercise the Repurchase Right and contain the total number of Shares to be sold to the Corporation pursuant to the exercise of the Repurchase Right, (c) be mailed or delivered to the Purchaser at the Purchaser's address reflected or last reflected on the Corporation's payroll records or delivered to the Purchaser in person, and (d) be so mailed or delivered no later than the ninetieth (90th) day following the date that the Purchaser's employment by the Corporation terminates. If mailed, the Repurchase Notice shall be enclosed in a properly sealed envelope, addressed as aforesaid, and deposited (postage prepaid) in a post office or branch post office regularly maintained by the United States Government. The Repurchase Notice shall be deemed to have been duly given as of the date mailed or delivered in accordance with the foregoing provisions.

The price per Share to be paid by the Corporation upon settlement of the Corporation's Repurchase Right (the "Repurchase Price") shall equal the lesser
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of (a) the price paid by the Purchaser to exercise the stock option and acquire such Share, or (b) the fair market value of a

Share as reasonably determined by the Corporation's Board of Directors as of the date of the Repurchase Notice. No interest shall be paid with respect to and no other adjustments (other than adjustments to reflect stock splits and similar changes in capitalization) shall be made to the Repurchase Price. The closing of any repurchase under this Section 5 shall be at a date to be specified by the Corporation, such date to be no later than 90 days after the date that the Purchaser's employment by the Corporation terminates. The Repurchase Price shall be paid at the closing in the form of a check in the amount of the Repurchase Price, by cancellation of money purchase indebtedness in like amount or by a combination of check and debt cancellation, as the Corporation may determine in its discretion.

Upon a repurchase of any Shares by the Corporation, such repurchased Shares shall be automatically transferred to the Corporation, without any further action by the Purchaser (or the Purchaser's beneficiary or personal representative, as the case may be). The Corporation may exercise its powers under this Exercise Agreement (including, without limitation, its powers under Section 3) and take any other action necessary or advisable to evidence such transfer. The Purchaser, or the Purchaser's beneficiary or personal representative, as the case may be, shall deliver any additional documents of transfer that the Corporation may request to confirm the transfer of such repurchased Shares to the Corporation.

If the Purchaser (or any permitted transferee who is an employee of the Company) ceases to be an employee of the Company and holds Shares as to which the Corporation's Repurchase Right has been exercised, the Purchaser shall be entitled to the value of such Shares in accordance with the foregoing provisions of this Section 5, but (unless otherwise required by law) shall no longer be entitled to participation in the Corporation or other rights as a shareholder with respect to the Shares subject to the repurchase. To the maximum extent permitted by law, the Purchaser's rights following the exercise of the Repurchase Right shall, with respect to the repurchase and the Shares covered thereby, be solely the rights that he or she has as a general creditor of the Corporation to receive payment of the amount specified above in this Section 5.

The Repurchase Right is in addition to, and not in lieu of, any right that the Corporation may have under the Option Agreement or the Plan. Notwithstanding anything to the contrary, the Corporation may assign any or all of its rights under this Section 5 to one or more stockholders of the Corporation.

6. Limitation on Disposition and Other Restrictions. The Shares and any Restricted Property in respect of the Shares may not be sold, assigned, transferred, pledged or otherwise disposed of, alienated or encumbered, either voluntarily or involuntarily, other than to the Corporation, until the time that the Shares (and related Restricted Property) become vested in accordance with Section 2.

7. Plan and Option Agreement. The Purchaser acknowledges receipt of a copy of all documents referenced herein and acknowledges reading and understanding these documents and having an opportunity to ask any questions that he/she may have had about them.

The Company has made and makes no representation regarding the advisability of, or regarding the tax, financial and other consequences of, an election to purchase the Shares prior to the time(s) that they have become vested under the Option Agreement. The Purchaser has

and will rely upon the advice of his/her own legal counsel, tax advisors, and/or investment advisors with respect to (1) this purchase and (2) the advisability of and procedures for making an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, with respect to this purchase and the risks, potential benefits, and consequences of such an election. The Purchaser is not relying on any representations or statements made by the Company or any of its agents. The Purchaser acknowledges that, under applicable law, if he or she decides to make an election under Section 83(b) of the Code with respect to this purchase, such election must be made within 30 days of the date of this purchase.

"PURCHASER"	ACCEPTED BY:
	RED ROBIN GOURMET BURGERS, Inc.
/s/ Robert J. Merullo	
- ----------	
Signature	By: /s/ Michael J. Snyder

	Michael J. Snyder
Robert J. Merullo	Its: Chief Executive Officer & President
- ----------	----------
Print Name	

April 25, 2002
- ---------------------------------
Date

SECURED PROMISSORY NOTE

$500,000.00 April 25, 2002
Greenwood Village, CO

FOR VALUE RECEIVED, the undersigned Robert J. Merullo ("Maker"), promises to pay to the order of RED ROBIN GOURMET BURGERS, INC., a Delaware corporation ("Holder"), which term shall include any subsequent holder of this Note, at 5575 DTC Parkway, Suite 110, Greenwood Village, Colorado 80111 (or at such other place as Holder shall designate in writing) in lawful money of the United States of America, the principal sum of Five Hundred Thousand Dollars ($500,000.00), with interest thereon commencing as of the date first written above at the rate (the "Interest Rate") described below.

1. Interest Rate. The Interest Rate shall be equal to 100% of the long-term Applicable Federal Rate, for annual compounding, announced by the Internal Revenue Service and in effect on the date first set forth above. The parties agree that such rate is 4.65% for purposes of this Note. Interest shall be compounded annually.

2. Outstanding Principal Balance. All references to the "Outstanding Principal Balance" shall mean the sum of Five Hundred Thousand Dollars ($500,000.00), less any principal repaid.

3. Payments. The principal balance of Five Hundred Thousand Dollars ($500,000.00) shall be due and payable in full on the "Due Date." The Due Date shall be the first to occur of (1) December 31, 2009 or (2) the first date that the Maker is no longer employed by the Holder (or a subsidiary of the Holder). On the Due Date, the accrued interest on this Note shall also be due and payable.

4. Application of Payments. All payments on this Note shall be applied first to the payment of accrued and unpaid interest, and then to the reduction of the Outstanding Principal Balance.

5. Prepayment Right. Maker shall have the right to prepay at any time, in whole or in part, the Outstanding Principal Balance of this Note, without premium or penalty.

6. Events of Default. Time is of the essence hereof. Upon the occurrence of any of the following events (the "Events of Default"):

(a) Failure of Maker to pay any portion of the Outstanding Principal Balance or any portion of the accrued interest thereon when due;

(b) Default by Maker in the performance of any other obligation of Maker under this Note; or

(c) Default by Maker in the performance of any obligation under that certain Option Exercise Agreement (the "Option Exercise Agreement") of even date herewith between Maker and Holder, under that certain Pledge Agreement of even date herewith between Maker

and Holder, or under any other document delivered by Maker in connection with the Option Exercise Agreement;

then if Maker does not fully cure any Event of Default within five (5) days of the date written notice is given by Holder to Maker (at Maker's address set forth below his signature), payment of the entire Outstanding Principal Balance and accrued interest on this Note shall, at the option of Holder, be accelerated and shall be immediately due and payable without notice or demand. In such event, Holder shall have the right, in addition to all other rights and remedies hereunder or under any other document, to foreclose or to require foreclosure of any or all liens securing the payment hereof.

7. Default Rate. In the event that Maker fails to pay any portion of the Outstanding Principal Balance or any portion of the accrued interest thereon when due, the amount past due and unpaid shall bear interest at an annual rate (the "Default Rate") equal to the greater of: (i) the Interest Rate; or (ii) the lesser of (a) twelve percent (12%) per annum or (b) the rate established by the Federal Reserve Bank of San Francisco on advances to member banks under Sections 13 and 13(a) of the Federal Reserve Act in effect on the twenty-fifth (25th) day of the month immediately preceding the date of this Note plus five percent (5%)

per annum or (c) the maximum rate that may be charged under applicable law; computed from the Due Date on which said amount was due and payable until paid. The charging or collecting of interest at the Default Rate shall not limit any of Holder's other rights or remedies under this Note.

8. Governing Law. Maker, and each endorser and cosigner of this Note, acknowledges and agrees that this Note is made and is intended to be paid and performed in the State of Colorado and the provisions hereof will be construed in accordance with the laws of the State of Colorado and, to the extent that federal law may preempt the applicability of state laws, federal law. Maker, and each endorser and cosigner of this Note further agree that upon the occurrence of a default, this Note may be enforced in any court of competent jurisdiction in the State of Colorado, and they do hereby submit to the jurisdiction of such courts regardless of their residence.

9. Remedies Cumulative; Waiver. The remedies of Holder as provided herein shall be cumulative and concurrent, and may be pursued singularly, successively or together, in the sole discretion of Holder, and may be exercised as often as occasion therefor shall arise. No act of omission or commission of Holder, including specifically any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same; such waiver or release to be affected only through a written document executed by Holder and then only to the extent specifically recited therein. Without limiting the generality of the preceding sentence, acceptance by Holder of any payment with knowledge of the occurrence of a default by Maker shall not be deemed a waiver of such default, and acceptance by Holder of any payment in an amount less than the amount then due hereunder shall be an acceptance on account only and shall not in any way affect the existence of a default hereunder. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of, any subsequent right, remedy or recourse as to a subsequent event.

10. Purpose of Loan. Maker certifies that the loan evidenced by this Note is obtained for business or commercial purposes and that the proceeds thereof shall not be used for personal, family, household or agricultural purposes.

11. Miscellaneous Provisions.

(a) Maker, and each endorser and cosigner of this Note expressly grants to Holder the right to release or to agree not to sue any other person, or to suspend the right to enforce this Note against such other person or to otherwise discharge such person; and Maker, and each endorser and cosigner agrees that the exercise of such rights by Holder will have no effect on the liability of any other person, primarily or secondarily liable hereunder. Maker, and each endorser and cosigner of this Note waives, to the fullest extent permitted by law, demand for payment, presentment for payment, protest, notice of protest, notice of dishonor, notice of nonpayment, notice of acceleration of maturity, diligence in taking any action to collect sums owing hereunder, any duty or obligation of Holder to effect, protect, perfect, retain or enforce any security for the payment of this Note or to proceed against any collateral before otherwise enforcing this Note, and the right to plead as a defense to the payment hereof any statute of limitations.

(b) This Note shall be paid when due without deduction or setoff of any kind or nature whatsoever.

(c) Maker agrees to reimburse Holder for all costs, including, without limitation, reasonable attorneys' fees, incurred to collect this Note if this Note is not paid when due, including, but not limited to, attorneys' fees incurred in connection with any bankruptcy proceedings instituted by or against Maker (including relief from stay litigation).

(d) If any provision hereof is for any reason and to any extent, invalid or unenforceable, then neither the remainder of the document in which such provision is contained, nor the application of the provision to other persons, entities or circumstances shall be affected thereby, but instead shall be enforceable to the maximum extent permitted by law.

(e) This Note shall be a joint and several obligation of Maker, and of all endorsers and cosigners hereof and shall be binding upon them and their respective heirs, personal representatives, successors and assigns.

(f) Maker may modify this Note in any manner that does not materially and adversely affect Holder. Except as provided in the preceding sentence, this Note may not be modified or amended orally, but only by a modification or amendment in writing signed by Holder and Maker.

(g) Notwithstanding anything in the Option Exercise Agreement to the contrary, if any amount becomes due or payable from the Holder to the Maker under the Option Exercise Agreement (in connection with the Holder's repurchase of shares or otherwise), the Holder may, in its sole discretion and in lieu of making such payment to the Maker, treat such amount as a payment of the Maker

against the interest and/or principal on this Note.

(h) When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural and the masculine shall include the feminine and neuter and vice versa. The word "person" as used herein shall include any individual, company, firm, association, partnership, corporation, trust or other legal entity of any kind whatsoever.

(i) The headings of the paragraphs and sections of this Note are for convenience of reference only, are not to be considered a part hereof and shall not limit to otherwise affect any of the terms hereof.

(j) In the event that at any time any payment received by Holder hereunder shall be deemed by final order of a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under the bankruptcy or insolvency laws of the United States, or shall otherwise be deemed to be due to any party other than Holder, then, in any such event, the obligation to make such payment shall survive any cancellation of this Note and/or return thereof to Maker and shall not be discharged or satisfied by any prior payment thereof and/or cancellation of this Note, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof, and the amount of such payment shall bear interest at the Default Rate from the date of such final order until repaid hereunder.

12. Security. This Note is secured by a pledge of certain personal property of Maker as described more fully in that certain Pledge Agreement executed by Maker and Holder concurrently herewith.

IN WITNESS WHEREOF, Maker has executed this Promissory Note as of the day and year first above written.

"MAKER"

/s/ Robert J. Merullo

Signature

Robert J. Merullo

Print Name

828 Good Hope Drive

Address

Castle Rock, CO 80104

City, State, Zip Code

PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT ("Agreement") is made and entered into this 25 day of April, 2002, between RED ROBIN GOURMET BURGERS, INC., a Delaware corporation ("Secured Party"), and Robert J. Merullo ("Debtor").

RECITALS

A. Concurrently herewith, Debtor has executed a certain Secured Promissory Note (the "Purchase Note") in the stated principal amount of Five Hundred Thousand Dollars ($500,000.00) in favor of Secured Party.

B. The indebtedness of Debtor to Secured Party under the Purchase Note is hereinafter referred to as the "Indebtedness."

C. It is the purpose and intent of the parties hereto to secure the payment by Debtor to Secured Party of the Indebtedness by a pledge of certain collateral, according to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and conditions set forth herein, the parties agree as follows:

1. Debtor hereby grants to Secured Party a security interest in and to 250,000 shares of the Common Stock, par value $0.001 per share, of Red Robin Gourmet Burgers, Inc. which are evidenced by Share Certificate No. [213]

("Collateral") and does hereby deliver to and deposit the Collateral with the Board of Directors of Secured Party, together with a stock power duly executed in blank.

During the term hereof, and subject to the provisions of this Agreement, Secured Party shall hold and retain the Collateral, for the purpose of perfecting the security interest herein granted to Secured Party, and for the purpose of carrying out the provisions of this Agreement.

2. The Collateral shall secure the payment of the Indebtedness.

3. Debtor warrants that Debtor is the sole lawful owner of the Collateral and that there is no lien or charge against, or encumbrance or security interest in, or adverse claim to, the Collateral, or any portion thereof, other than the security interest created pursuant to this Agreement and the Secured Party's rights pursuant to an Option Exercise Agreement of even date herewith between the Secured Party and Debtor. So long as there is any Indebtedness whatsoever owing to Secured Party, Debtor agrees to keep the Collateral free and dear of any and all liens, encumbrances, security interests (other than the security interest of Secured Party), adverse claims or interests.

4. Any and all cash dividends and cash distributions during the term of this Agreement which derive from the Collateral shall be retained by Secured Party and treated as a prepayment by Debtor against the Indebtedness. In the event that Secured Party cannot or does not (for any reason) retain such cash dividends or cash distributions, Debtor shall promptly remit

the amount of such dividends and distributions in cash to Secured Party to be treated as a prepayment by Debtor against the Indebtedness. As long as Debtor is not in default hereunder, Debtor shall retain all voting rights associated with the Collateral. After the occurrence of a default hereunder, Secured Party shall have all voting rights associated with the Collateral. Any securities or other property which are derived from Collateral during the term of this Agreement which (as a result of any non-cash dividend or other distribution of such securities or other property, conversion or exchange of or with respect to the Collateral) shall, regardless of whether Debtor is in default hereunder, be held by Secured Party as additional Collateral.

5. Debtor shall be in default under this Agreement upon the happening of any of the following events:

(a) Debtor fails to pay any portion of the Indebtedness when due, or commits a default under the Purchase Note, subject to any applicable grace or cure periods set forth therein.

(b) Debtor fails to perform any other agreement or covenant under this Agreement within any applicable notice and/or "grace" periods specified herein, provided that if no notice or grace period is herein specified, Debtor shall have ten (10) days after notice thereof has been given within which to cure any such default;

(c) All or any portion of the Collateral is seized or levied upon by writ of attachment, garnishment, execution or otherwise, and such seizure or levy is not released within thirty (30) days thereafter;

(d) Debtor executes a general assignment for the benefit of his creditors, convenes any meeting of his creditors, becomes insolvent, admits in writing his insolvency or inability to pay his debts, or is unable to pay or is generally not paying his debts as they become due;

(e) A receiver, trustee, custodian or agent is appointed to take possession of all or any portion of the Collateral or all or any substantial portion of Debtor's assets;

(f) Any case or proceeding is voluntarily commenced by Debtor under any provision of the federal Bankruptcy Code or any other federal or state law relating to debtor rehabilitation, insolvency, bankruptcy, liquidation or reorganization, or any such case or proceeding is involuntarily commenced against Debtor and not dismissed within thirty (30) days thereafter;

(g) Any representation made by Debtor in this Agreement shall have been untrue or incorrect in any material respect when made.

Upon such default, Secured Party may, at its option, declare all Indebtedness to be immediately due and payable. Additionally, Secured Party shall have the rights and remedies set forth in Paragraph 6 below.

6. Should Debtor default under this Agreement, Secured Party shall have all the rights and remedies afforded a secured party under Article 9 of the

Uniform Commercial Code of Colorado and may, in connection therewith, also:

(a) Require Debtor to assemble the Collateral and make its possession available to Secured Party at a place designated by Secured Party that is reasonably convenient to both Debtor, and Secured Party; or

(b) Sell, lease or otherwise dispose of the Collateral at public or private sale, in one or more sales, as a unit or in parcels, and at such time and place and on such terms as Secured Party may determine. Secured Party may be the purchaser of any or all of the Collateral at any public or private sale. If, at any time when Secured Party shall determine to exercise its right to sell all or any part of the Collateral and such Collateral, or the part thereof to be sold, it has been advised by legal counsel that the Collateral is subject to the Securities Act of 1933 as amended or any state securities laws, Secured Party in its sole and absolute discretion, is hereby expressly authorized to sell such Collateral, or any part thereof, subject to obtaining all required regulatory approvals, by private sale in such manner and under such circumstances as Secured Party may deem necessary or advisable in order that such sale may be effected legally without registration or qualification under applicable securities laws. Without limiting the generality of the foregoing, Secured Party, in its sole and absolute discretion, may approach and negotiate with a restricted number of potential purchasers to effect such sale or restrict such sale to a purchaser or purchaser who will represent and agree that such purchaser or purchasers are purchasing for his or their own account, for investment only, and not with a view to the distribution or sale of such Collateral or any part thereof. Any such sale shall be deemed to be a sale made in a commercially reasonable manner within the meaning of the Uniform Commercial Code of the State of Colorado and Debtor hereby consents and agrees that Secured Party shall incur no responsibility or liability for selling all or any part of the Collateral at a price which is not unreasonably low, notwithstanding the possibility that a higher price might be realized if the sale were public. Any public sale of any or all of the Collateral may be postponed from time to time by public announcement at the time and place last scheduled for the sale. Without limiting the generality of this Section 6, it shall conclusively be deemed to be commercially reasonable for Secured Party to direct any prospective purchaser of any or all of the Collateral to Debtor to ascertain all information concerning the status of Red Robin Gourmet Burgers, Inc. Secured Party's disposition of any or all of the Collateral in any manner which differs from the procedures specified in this Section 6 shall not be deemed to be commercially unreasonable; or

(c) Propose to accept the Collateral after giving notice of such proposal to Debtor and to any other person with a security interest in the Collateral as required by and in accordance with Sections 4-9-620 and 4-9-621 of the Uniform Commercial Code of Colorado, or any applicable successor statute. Such acceptance shall discharge the obligation of Debtor with respect to the Indebtedness in accordance with Section 4-9-622 of the Uniform Commercial Code of Colorado, or any applicable successor statute, provided that neither Debtor nor any other person with a security interest in the Collateral objects in writing to such proposal within twenty (20) days after receipt of such notice.

The proceeds of any sale, lease or other disposition of the Collateral shall be applied in the manner and priority set forth in Section 4-9-615 of the Uniform Commercial Code of Colorado, or any applicable successor statute.

7. In the event that legal action is instituted by either party to enforce his or its rights under this Agreement or any obligation secured hereby, the prevailing party in such action shall be entitled to recover from the losing party his or its reasonable attorneys' fees as determined by the Court.

8. Debtor waives any right to require the Secured Party to:

(a) Proceed against any person;

(b) Proceed against or exhaust any Collateral; or

(c) Pursue any other remedy in Secured Party's power.

Debtor further authorizes the Secured Party, without notice or demand and without affecting its liability hereunder or on the Indebtedness, from time to time to:

(d) Amend or modify the terms of the Purchase Note (with Debtor's consent to the extent required by the Purchase Note), including, but not limited to, any such amendment or modification which affects the Indebtedness.

(e) Take and hold security, other than the Collateral herein described, for the payment of the Indebtedness or any part thereof, and exchange, enforce, waive, and release the Collateral herein described or any part thereof or any such other security.

(f) Apply such Collateral or other security and direct the order or

manner of sale thereof as Secured Party in its discretion may determine.

9. (a) On the last business day of each fiscal quarter of Secured Party, Secured Party shall determine the value of the Collateral. The value of a share of any security means the daily closing price of such security on the NASDAQ National Market System (or other principal exchange on which shares of such security is listed or approved for trading) on such day or the most recent day on which such security traded if it did not trade on such last business day of the fiscal quarter. The daily closing price shall be the closing price, if reported, or, if the closing price is not reported, the average of the closing "bid" and "asked" prices as reported by NASDAQ (or other principal exchange). If the daily closing price per share of such security is determined during a period following the declaration of a dividend, distribution, recapitalization, reclassification or similar transaction, then the value shall be properly adjusted to take into account ex-dividend trading. In the event that a security is not traded on a national securities exchange, the Board of Directors of Secured Party shall determine the value of the security in good faith and such determination shall be final and conclusive on all parties.

(b) If the value of the Collateral shall be less than the outstanding principal and accrued interest under the Purchase Note, then Secured Party may require Debtor to repay so much of the accrued interest as may be required to cause the value of the Collateral to equal the

balance of the principal and accrued interest under the Purchase Note. If repaying some or all of the accrued interest does not reduce the amount remaining under the Purchase Note to the value of the Collateral, then Debtor shall also repay so much of the principal as may be necessary to cause the balance remaining under the Purchase Note to equal the value of the Collateral. Any amounts demanded by Secured Party pursuant to this Section 9 shall be due within 30 days following Debtor's receipt of Secured Party's written demand therefor.

10. Neither the acceptance of any partial or delinquent payment by Secured Party nor Secured Party's failure to exercise any of its rights or remedies on default by Debtor shall be a waiver of the default, a modification of this Agreement or Debtor's obligations under this Agreement, or a waiver of any subsequent default by Debtor.

11. All notices required or permitted to be given pursuant to this Agreement shall be in writing, and shall be delivered either personally, by overnight delivery service or by U.S. certified or registered mail, postage prepaid, return-receipt requested and addressed, if to the Secured Party to the attention of the Chairman of the Board of Directors of Secured Party, with a copy to the attention of the General Counsel at its principal executive offices, or if to the Debtor to the Debtor's address as it appears below his signature hereto. The parties may change their addresses by giving notice of such change in accordance with this section. Notices sent by overnight delivery service shall be deemed received on the business day following the date of deposit with the delivery service. Mailed notices shall be deemed received upon the earlier of the date of delivery shown on the return-receipt, or the second business day after the date of mailing.

12. Time is hereby expressly declared to be of the essence of this Agreement.

13. This Agreement and each of its provisions shall be binding on the heirs, executors, administrators, successors, and assigns of each of the parties hereto. Nothing contained in this paragraph, however, shall be deemed a consent to the sale, assignment, or transfer of the Collateral by Debtor.

14. This Agreement is made and entered into and shall be interpreted in accordance with the laws of the State of Colorado. Any action concerning this Agreement shall be commenced in a court of competent jurisdiction in Denver County, State of Colorado.

15. Upon payment in full of the portion of the Indebtedness evidenced by the Purchase Note, this Agreement shall terminate and be of no further force or effect and Secured Party shall immediately deliver to Debtor the Collateral and the stock powers.

16. Secured Party shall not be responsible for any damage or loss to the Collateral, or any part thereof, arising from act of God, flood, fire, or any other cause beyond the reasonable control of Secured Party.

17. Secured Party shall not be liable to either party or to anyone else for actions taken (or omissions to act) which are within the scope of the authority of Secured Party under this Agreement, provided that such actions (or omissions to act) do not constitute bad faith, gross negligence or willful misconduct.

18. Secured Party shall not be responsible in any manner whatsoever for any failure or inability of any of the parties hereto, or of anyone else, to perform or comply with the provisions of this Agreement, nor for the genuineness or accuracy of any notice received by Secured Party from any of the parties hereto.

19. Upon the request of Secured Party, from time to time, Debtor agrees to execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, all such additional instruments, and agrees to perform any and all acts reasonably required to carry into effect the provisions and intent of this Agreement.

20. In the event that the Collateral consists of securities traded on the NASDAQ National Market System or other national securities exchange and Debtor would (but for the restrictions on the Collateral imposed by this Agreement) be able to sell all or a portion of such Collateral on such system or exchange in compliance with all applicable law and in compliance with all other agreements to which Debtor is a party or otherwise bound, then Debtor may petition Secured Party to release, and Secured Party shall release, such portion of the Collateral consisting of such publicly-traded shares as Debtor may request in writing; provided (1) that the released portion of the Collateral shall be delivered only to a nationally-recognized broker identified by and for the account of Debtor, (2) that Debtor shall have previously given irrevocable written instructions to such broker (with a copy to Secured Party) to promptly sell such portion of the Collateral upon receipt by broker and promptly deliver to Secured Party (to be treated by Secured Party as a partial prepayment of the Indebtedness) a portion of the gross proceeds from such sale (such portion not to be less than the amount of the then-outstanding Indebtedness multiplied by a fraction, the numerator of which is the number of shares to be sold and the denominator of which is the total number of shares of that class composing the Collateral before the release of such shares from the Collateral). Secured Party's obligation under the preceding sentence is subject to the further conditions precedent that (1) Debtor shall provide such written assurances and representations to Secured Party as Secured Party may reasonably request to ensure compliance with the conditions of the preceding sentence, and (2) Debtor furnishes to Secured Party an opinion of counsel reasonably acceptable to Secured Party that the contemplated sale of all or a specified portion of the Collateral (at the time and on the terms specified and otherwise consistent with this Section 20) will be in compliance with all applicable law and in compliance with all other agreements to which Debtor is a party or otherwise bound.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

"DEBTOR"

/s/ Robert J. Merullo
- ----------
Signature

Robert J. Merullo
- ----------
Print Name

9828 Good Hope Drive
- ----------
Address

Castle Rock, CO 80104
- ----------
City, State, Zip Code

"SECURED PARTY"

RED ROBIN GOURMET BURGERS, INC.
a Delaware corporation

By: /s/ Michael J. Snyder

Michael J. Snyder

Its: Chief Executive Officer & President

STOCK POWER*

For value received, Robert J. Merullo (the Debtor identified in the related Pledge Agreement), hereby sells, assigns and transfers to _____, an aggregate _____ shares of Common Stock, par value $0.001 per share, of Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Corporation"), represented by stock certificate number(s) _____ to which this instrument is attached, and hereby irrevocably constitutes and appoints the Secretary of the Corporation as his/her attorney in fact and agent to transfer such shares on the books of the Corporation with full power of substitution in the premises.

Dated: _____

/s/ Robert J. Merullo

Signature

Robert J. Merullo

Print Name

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* Instructions: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Corporation to exercise its repurchase right set forth in the related Option Exercise Agreement and/or its rights under the Pledge Agreement without requiring additional signatures from the Debtor.

IRREVOCABLE PROXY

SECTION 1 - PROXY

The undersigned, the owner of 250,000 shares of restricted Common Stock, par value $0.001 per share, of Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Corporation"), hereby appoints the Board of Directors of the Corporation to be proxy agent ("Proxy Agent") for the undersigned, with full power of substitution, with respect to all of such shares of Common Stock of the Corporation ("Proxy Shares").

The Proxy Agent is authorized to vote all of the Proxy Shares on any matter submitted to a vote of stockholders of the Corporation at any stockholders meeting held on or after the date of this Proxy and prior to the termination of this Proxy.

The Proxy Agent is further authorized to execute documents on behalf of the undersigned with respect to the Proxy Shares consenting to the taking of any action to be taken by the stockholders of the Corporation without a meeting and to exercise any and all other rights of a stockholder of the Corporation on or after the date of this Proxy and prior to the termination of this Proxy.

Notwithstanding anything herein to the contrary, this Proxy may only be exercised by Proxy Agent if the undersigned defaults (beyond any applicable notice and/or grace or cure period) under that certain Secured Promissory Note of even date herewith in the stated principal amount of Five Hundred Thousand Dollars ($500,000) (the "Purchase Note") executed by the undersigned in favor of the Corporation, under that certain Pledge Agreement of even date herewith executed by the Corporation and the undersigned, or under that certain Option Exercise Agreement of even date herewith executed by the Corporation and the undersigned.

SECTION 2 - OUTSTANDING PROXIES

This Proxy revokes all proxies previously given by the undersigned to vote any of the Proxy Shares to any other person or entity.

SECTION 3 - IRREVOCABILITY

This Proxy is coupled with an interest and is irrevocable.

SECTION 4 - TERMINATION

This Proxy shall terminate upon the payment in full of the Purchase Note.

SECTION 5 - LEGEND

The undersigned agrees to immediately place a legend on the share certificates evidencing the Proxy Shares which reflects the existence of this Proxy.

Dated: April 25, 2002

Signature: /s/ Robert J. Merullo

Print Name: Robert J. Merullo

STATE OF COLORADO)
) ss.
COUNTY OF ARAPAHOE)

On April 25, 2002, before me, Kyle L. WhiteJohnson, Notary Public, personally appeared Robert J. Merullo , personally known to me/proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person executed the instrument.

WITNESS my hand and official seal.

/s/ Kyle L. WhiteJohnson

NOTARY PUBLIC

[SEAL]

RED ROBIN GOURMET BURGERS, INC.
2000 MANAGEMENT PERFORMANCE COMMON STOCK OPTION PLAN
OPTION EXERCISE AGREEMENT - EARLY EXERCISE

Name of Optionee:	James P. McCloskey
Date of Grant of Option:	June 20, 2000
Exercise Price per Share:	$2.00
Number of Shares Being Exercised:	100,000

The undersigned (the "Purchaser") hereby irrevocably elects to exercise his/her right, evidenced by that certain stock option agreement dated as of the Date of Grant of Option identified above (the "Option Agreement") under the Red Robin Gourmet Burgers, Inc. 2000 Management Performance Common Stock Option Plan (the "Plan"), as follows:

- the Purchaser hereby irrevocably elects to purchase a number of shares of Common Stock, par value $0.001 per share (the "Shares"), of Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Corporation"), equal to the Number of Shares Being Exercised set forth above, and

- such purchase shall be at a price per share equal to the Exercise Price per Share set forth above (subject to applicable withholding taxes).

1. Investment Representations. The Purchaser acknowledges that the sale of the Shares by the Purchaser is restricted by SEC Rule 701. The Purchaser hereby affirms as made as of the date hereof the representations in his or her Option Agreement and such representations are incorporated herein by this reference. The Purchaser represents that he/she has no need for liquidity in this investment, has the ability to bear the economic risk of this investment, and can afford a complete loss of the purchase price for the Shares. The Purchaser acknowledges receipt of the Corporation's condensed consolidated financial information.

The Purchaser also understands and acknowledges (a) that the certificates representing the Shares will be legended as provided for below, and (b) that the Corporation has no obligation to register the Shares or file any registration statement under federal or state securities laws.

The certificates representing the Shares will bear the following legends or substantially similar legends:

"OWNERSHIP OF THIS CERTIFICATE, THE SHARES EVIDENCED BY THIS CERTIFICATE AND ANY INTEREST THEREIN ARE SUBJECT TO SUBSTANTIAL RESTRICTIONS ON TRANSFER UNDER APPLICABLE LAW AND UNDER AGREEMENTS WITH THE CORPORATION, INCLUDING RESTRICTIONS ON SALE, ASSIGNMENT, TRANSFER, PLEDGE OR OTHER DISPOSITION."

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("ACT"), NOR HAVE THEY BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. NO TRANSFER OF SUCH SECURITIES WILL BE PERMITTED UNLESS A REGISTRATION STATEMENT UNDER THE ACT IS IN EFFECT AS TO SUCH TRANSFER, THE TRANSFER IS MADE IN ACCORDANCE WITH RULE 144 UNDER THE ACT, OR IN THE OPINION OF COUNSEL TO THE CORPORATION, REGISTRATION UNDER THE ACT IS UNNECESSARY IN ORDER FOR SUCH TRANSFER TO COMPLY WITH THE ACT AND WITH APPLICABLE STATE SECURITIES LAWS."

"THE SHARES ARE SUBJECT TO THE CORPORATION'S RIGHT TO REPURCHASE THEM UNDER AN AGREEMENT WITH THE CORPORATION, A COPY OF WHICH IS AVAILABLE FOR REVIEW AT THE OFFICE OF THE SECRETARY OF THE CORPORATION."

2. Vesting. The Shares are being acquired prior to the time that they have become vested in accordance with the terms of the Option Agreement. Accordingly, the Shares are subject to the Corporation's repurchase right set forth in Section 5 below and other restrictions set forth herein. The Shares shall vest, and the Corporation's repurchase right under Section 5 shall lapse, as of the date(s) that the Option would have otherwise become vested as to such Shares. The maximum number of Shares that may vest on any occasion or event shall not exceed the number of shares that would have otherwise vested on such

date under the Option Agreement had the underlying stock option not been exercised prior to full vesting to acquire the Shares. No additional Shares shall vest after the date that the Purchaser's employment by the Corporation terminates.

3. Delivery of Share Certificate. The Corporation shall issue a certificate or certificates for the Shares, registered in the name of the Purchaser, which certificate(s) shall upon redelivery thereof to the Corporation pursuant to the following provisions of this Section 3 be held by the Corporation until the restrictions on such Shares shall have lapsed and the Shares shall thereby have become vested or the Shares represented thereby are repurchased by the Corporation in accordance with Section 5.

Upon delivery to the Purchaser of the certificate(s) representing the Shares, the Purchaser shall redeliver such certificate(s) to the Corporation, together with a stock power or stock powers, in blank and in substantially the form attached hereto, with respect to such certificate(s), to be held by the Corporation pursuant to the terms hereof. The Purchaser hereby appoints the Corporation and each of its authorized representatives as the Purchaser's attorney(s)-in-fact to effect any transfer of the Shares that are repurchased by the Corporation in accordance with the terms hereof or related cash, property or rights (including Restricted Property, as such term is defined below) to the Corporation as may be required pursuant to this Exercise Agreement and to execute such documents as the Corporation or such representatives deem necessary or advisable in connection with any such transfer.

Promptly after the vesting of the Shares in accordance with Section 2 above, a certificate or certificates evidencing the number of shares of Common Stock as to which the restrictions

have lapsed or been released shall be delivered to the Purchaser or other person entitled under the terms hereof and of the Plan to receive the shares. The Shares so delivered shall no longer be subject to the Corporation's repurchase right under Section 5, but such shares shall continue to be subject to the other restrictions set forth herein, in the Option Agreement, and in the Plan. Vested Shares and any other amounts deliverable pursuant to the Shares shall be delivered and paid only to the Purchaser or the Purchaser's beneficiary or personal representative, as the case may be.

4. Dividend; Voting Rights. After the date of issuance of the Shares, the Purchaser shall be entitled to cash dividends and voting rights with respect to the Shares, but such rights shall terminate as to any Shares that are repurchased by the Corporation in accordance with Section 5. Any securities or other property receivable in respect of the Shares by the Purchaser as a result of any dividend or other distribution, conversion or exchange of or with respect to the Shares are, together, referred to as "Restricted Property." Upon a repurchase of any Shares by the Corporation in accordance with Section 5, the Restricted Property related to such repurchased Shares shall be automatically transferred to the Corporation, without any further action by the Purchaser (or the Purchaser's beneficiary or personal representative, as the case may be) or additional consideration from the Corporation. The Corporation may take any other action necessary or advisable to evidence such transfer. The Purchaser, or the Purchaser's beneficiary or personal representative, as the case may be, shall deliver any additional documents of transfer that the Corporation may request to confirm the transfer of such Restricted Property to the Corporation.

5. Corporation's Repurchase Right. Subject to the terms and conditions of this Section 5, the Corporation shall have the right (the "Repurchase Right") (but not the obligation) to repurchase in one or more transactions in connection with the termination of the Purchaser's employment with the Corporation, and the Purchaser (or any permitted transferee) shall be obligated to sell any of the Shares that have not, as of the date of such termination of employment, become vested.

To exercise the Repurchase Right, the Corporation must give written notice thereof to the Purchaser (the "Repurchase Notice"). The Repurchase Notice is irrevocable by the Corporation and must (a) be in writing and signed by an authorized officer of the Corporation, (b) set forth the Corporation's intent to exercise the Repurchase Right and contain the total number of Shares to be sold to the Corporation pursuant to the exercise of the Repurchase Right, (c) be mailed or delivered to the Purchaser at the Purchaser's address reflected or last reflected on the Corporation's payroll records or delivered to the Purchaser in person, and (d) be so mailed or delivered no later than the ninetieth (90th) day following the date that the Purchaser's employment by the Corporation terminates. If mailed, the Repurchase Notice shall be enclosed in a properly sealed envelope, addressed as aforesaid, and deposited (postage prepaid) in a post office or branch post office regularly maintained by the United States Government. The Repurchase Notice shall be deemed to have been duly given as of the date mailed or delivered in accordance with the foregoing provisions.

The price per Share to be paid by the Corporation upon settlement of the Corporation's Repurchase Right (the "Repurchase Price") shall equal the lesser of (a) the price paid by the Purchaser to exercise the stock option and acquire such Share, or (b) the fair market value of a

Share as reasonably determined by the Corporation's Board of Directors as of the date of the Repurchase Notice. No interest shall be paid with respect to and no other adjustments (other than adjustments to reflect stock splits and similar changes in capitalization) shall be made to the Repurchase Price. The closing of any repurchase under this Section 5 shall be at a date to be specified by the Corporation, such date to be no later than 90 days after the date that the Purchaser's employment by the Corporation terminates. The Repurchase Price shall be paid at the closing in the form of a check in the amount of the Repurchase Price, by cancellation of money purchase indebtedness in like amount or by a combination of check and debt cancellation, as the Corporation may determine in its discretion.

Upon a repurchase of any Shares by the Corporation, such repurchased Shares shall be automatically transferred to the Corporation, without any further action by the Purchaser (or the Purchaser's beneficiary or personal representative, as the case may be). The Corporation may exercise its powers under this Exercise Agreement (including, without limitation, its powers under Section 3) and take any other action necessary or advisable to evidence such transfer. The Purchaser, or the Purchaser's beneficiary or personal representative, as the case may be, shall deliver any additional documents of transfer that the Corporation may request to confirm the transfer of such repurchased Shares to the Corporation.

If the Purchaser (or any permitted transferee who is an employee of the Company) ceases to be an employee of the Company and holds Shares as to which the Corporation's Repurchase Right has been exercised, the Purchaser shall be entitled to the value of such Shares in accordance with the foregoing provisions of this Section 5, but (unless otherwise required by law) shall no longer be entitled to participation in the Corporation or other rights as a shareholder with respect to the Shares subject to the repurchase. To the maximum extent permitted by law, the Purchaser's rights following the exercise of the Repurchase Right shall, with respect to the repurchase and the Shares covered thereby, be solely the rights that he or she has as a general creditor of the Corporation to receive payment of the amount specified above in this Section 5.

The Repurchase Right is in addition to, and not in lieu of, any right that the Corporation may have under the Option Agreement or the Plan. Notwithstanding anything to the contrary, the Corporation may assign any or all of its rights under this Section 5 to one or more stockholders of the Corporation.

6. Limitation on Disposition and Other Restrictions. The Shares and any Restricted Property in respect of the Shares may not be sold, assigned, transferred, pledged or otherwise disposed of, alienated or encumbered, either voluntarily or involuntarily, other than to the Corporation, until the time that the Shares (and related Restricted Property) become vested in accordance with Section 2.

7. Plan and Option Agreement. The Purchaser acknowledges receipt of a copy of all documents referenced herein and acknowledges reading and understanding these documents and having an opportunity to ask any questions that he/she may have had about them.

The Company has made and makes no representation regarding the advisability of, or regarding the tax, financial and other consequences of, an election to purchase the Shares prior to the time(s) that they have become vested under the Option Agreement. The Purchaser has

and will rely upon the advice of his/her own legal counsel, tax advisors, and/or investment advisors with respect to (1) this purchase and (2) the advisability of and procedures for making an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, with respect to this purchase and the risks, potential benefits, and consequences of such an election. The Purchaser is not relying on any representations or statements made by the Company or any of its agents. The Purchaser acknowledges that, under applicable law, if he or she decides to make an election under Section 83(b) of the Code with respect to this purchase, such election must be made within 30 days of the date of this purchase.

"PURCHASER" ACCEPTED BY:
RED ROBIN GOURMET BURGERS, Inc.

/s/ James P. McCloskey

- ----------
Signature

James P. McCloskey
- ----------
Print Name

April 25, 2002
- ----------
Date

By: /s/ Michael J. Snyder

Michael J. Snyder
Its: Chief Executive Officer & President

SECURED PROMISSORY NOTE

$200,000.00 April 25, 2002
Greenwood Village, CO

FOR VALUE RECEIVED, the undersigned James P. McCloskey ("Maker"), promises to pay to the order of RED ROBIN GOURMET BURGERS, INC., a Delaware corporation ("Holder"), which term shall include any subsequent holder of this Note, at 5575 DTC Parkway, Suite 110, Greenwood Village, Colorado 80111 (or at such other place as Holder shall designate in writing) in lawful money of the United States of America, the principal sum of Two Hundred Thousand Dollars ($200,000.00), with interest thereon commencing as of the date first written above at the rate (the "Interest Rate") described below.

1. Interest Rate. The Interest Rate shall be equal to 100% of the long-term Applicable Federal Rate, for annual compounding, announced by the Internal Revenue Service and in effect on the date first set forth above. The parties agree that such rate is 4.65% for purposes of this Note. Interest shall be compounded annually.

2. Outstanding Principal Balance. All references to the "Outstanding Principal Balance" shall mean the sum of Two Hundred Thousand Dollars ($200,000.00), less any principal repaid.

3. Payments. The principal balance of Two Hundred Thousand Dollars ($200,000.00) shall be due and payable in full on the "Due Date." The Due Date shall be the first to occur of (1) December 31, 2009 or (2) the first date that the Maker is no longer employed by the Holder (or a subsidiary of the Holder). On the Due Date, the accrued interest on this Note shall also be due and payable.

4. Application of Payments. All payments on this Note shall be applied first to the payment of accrued and unpaid interest, and then to the reduction of the Outstanding Principal Balance.

5. Prepayment Right. Maker shall have the right to prepay at any time, in whole or in part, the Outstanding Principal Balance of this Note, without premium or penalty.

6. Events of Default. Time is of the essence hereof. Upon the occurrence of any of the following events (the "Events of Default"):

(a) Failure of Maker to pay any portion of the Outstanding Principal Balance or any portion of the accrued interest thereon when due;

(b) Default by Maker in the performance of any other obligation of Maker under this Note; or

(c) Default by Maker in the performance of any obligation under that certain Option Exercise Agreement (the "Option Exercise Agreement") of even date herewith between Maker and Holder, under that certain Pledge Agreement of even date herewith between Maker

and Holder, or under any other document delivered by Maker in connection with the Option Exercise Agreement;

then if Maker does not fully cure any Event of Default within five (5) days of the date written notice is given by Holder to Maker (at Maker's address set forth below his signature), payment of the entire Outstanding Principal Balance and accrued interest on this Note shall, at the option of Holder, be accelerated and shall be immediately due and payable without notice or demand. In such event, Holder shall have the right, in addition to all other rights and remedies hereunder or under any other document, to foreclose or to require foreclosure of any or all liens securing the payment hereof.

7. Default Rate. In the event that Maker fails to pay any portion of

the Outstanding Principal Balance or any portion of the accrued interest thereon when due, the amount past due and unpaid shall bear interest at an annual rate (the "Default Rate") equal to the greater of: (i) the Interest Rate; or (ii) the lesser of (a) twelve percent (12%) per annum or (b) the rate established by the Federal Reserve Bank of San Francisco on advances to member banks under Sections 13 and 13(a) of the Federal Reserve Act in effect on the twenty-fifth (25th) day of the month immediately preceding the date of this Note plus five percent (5%) per annum or (c) the maximum rate that may be charged under applicable law; computed from the Due Date on which said amount was due and payable until paid. The charging or collecting of interest at the Default Rate shall not limit any of Holder's other rights or remedies under this Note.

8. Governing Law. Maker, and each endorser and cosigner of this Note, acknowledges and agrees that this Note is made and is intended to be paid and performed in the State of Colorado and the provisions hereof will be construed in accordance with the laws of the State of Colorado and, to the extent that federal law may preempt the applicability of state laws, federal law. Maker, and each endorser and cosigner of this Note further agree that upon the occurrence of a default, this Note may be enforced in any court of competent jurisdiction in the State of Colorado, and they do hereby submit to the jurisdiction of such courts regardless of their residence.

9. Remedies Cumulative; Waiver. The remedies of Holder as provided herein shall be cumulative and concurrent, and may be pursued singularly, successively or together, in the sole discretion of Holder, and may be exercised as often as occasion therefor shall arise. No act of omission or commission of Holder, including specifically any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same; such waiver or release to be affected only through a written document executed by Holder and then only to the extent specifically recited therein. Without limiting the generality of the preceding sentence, acceptance by Holder of any payment with knowledge of the occurrence of a default by Maker shall not be deemed a waiver of such default, and acceptance by Holder of any payment in an amount less than the amount then due hereunder shall be an acceptance on account only and shall not in any way affect the existence of a default hereunder. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of, any subsequent right, remedy or recourse as to a subsequent event.

10. Purpose of Loan. Maker certifies that the loan evidenced by this Note is obtained for business or commercial purposes and that the proceeds thereof shall not be used for personal, family, household or agricultural purposes.

11. Miscellaneous Provisions.

(a) Maker, and each endorser and cosigner of this Note expressly grants to Holder the right to release or to agree not to sue any other person, or to suspend the right to enforce this Note against such other person or to otherwise discharge such person; and Maker, and each endorser and cosigner agrees that the exercise of such rights by Holder will have no effect on the liability of any other person, primarily or secondarily liable hereunder. Maker, and each endorser and cosigner of this Note waives, to the fullest extent permitted by law, demand for payment, presentment for payment, protest, notice of protest, notice of dishonor, notice of nonpayment, notice of acceleration of maturity, diligence in taking any action to collect sums owing hereunder, any duty or obligation of Holder to effect, protect, perfect, retain or enforce any security for the payment of this Note or to proceed against any collateral before otherwise enforcing this Note, and the right to plead as a defense to the payment hereof any statute of limitations.

(b) This Note shall be paid when due without deduction or setoff of any kind or nature whatsoever.

(c) Maker agrees to reimburse Holder for all costs, including, without limitation, reasonable attorneys' fees, incurred to collect this Note if this Note is not paid when due, including, but not limited to, attorneys' fees incurred in connection with any bankruptcy proceedings instituted by or against Maker (including relief from stay litigation).

(d) If any provision hereof is for any reason and to any extent, invalid or unenforceable, then neither the remainder of the document in which such provision is contained, nor the application of the provision to other persons, entities or circumstances shall be affected thereby, but instead shall be enforceable to the maximum extent permitted by law.

(e) This Note shall be a joint and several obligation of Maker, and of all endorsers and cosigners hereof and shall be binding upon them and their respective heirs, personal representatives, successors and assigns.

(f) Maker may modify this Note in any manner that does not materially and adversely affect Holder. Except as provided in the preceding

sentence, this Note may not be modified or amended orally, but only by a modification or amendment in writing signed by Holder and Maker.

(g) Notwithstanding anything in the Option Exercise Agreement to the contrary, if any amount becomes due or payable from the Holder to the Maker under the Option Exercise Agreement (in connection with the Holder's repurchase of shares or otherwise), the Holder may, in its sole discretion and in lieu of making such payment to the Maker, treat such amount as a payment of the Maker against the interest and/or principal on this Note.

(h) When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural and the masculine shall include the feminine and neuter and vice versa. The word "person" as used herein shall include any individual, company, firm, association, partnership, corporation, trust or other legal entity of any kind whatsoever.

(i) The headings of the paragraphs and sections of this Note are for convenience of reference only, are not to be considered a part hereof and shall not limit to otherwise affect any of the terms hereof.

(j) In the event that at any time any payment received by Holder hereunder shall be deemed by final order of a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under the bankruptcy or insolvency laws of the United States, or shall otherwise be deemed to be due to any party other than Holder, then, in any such event, the obligation to make such payment shall survive any cancellation of this Note and/or return thereof to Maker and shall not be discharged or satisfied by any prior payment thereof and/or cancellation of this Note, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof, and the amount of such payment shall bear interest at the Default Rate from the date of such final order until repaid hereunder.

12. Security. This Note is secured by a pledge of certain personal property of Maker as described more fully in that certain Pledge Agreement executed by Maker and Holder concurrently herewith.

IN WITNESS WHEREOF, Maker has executed this Promissory Note as of the day and year first above written.

"MAKER"

/s/ James P. McCloskey

Signature

James P. McCloskey

Print Name

5235 South Logan Circle

Address

Greenwood Village, CO 80121

City, State, Zip Code

PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT ("Agreement") is made and entered into this 25th day of April, 2002, between RED ROBIN GOURMET BURGERS, INC., a Delaware corporation ("Secured Party"), and James P. McCloskey ("Debtor").

RECITALS

A. Concurrently herewith, Debtor has executed a certain Secured Promissory Note (the "Purchase Note") in the stated principal amount of Two Hundred Thousand Dollars ($200,000.00) in favor of Secured Party.

B. The indebtedness of Debtor to Secured Party under the Purchase Note is hereinafter referred to as the "Indebtedness."

C. It is the purpose and intent of the parties hereto to secure the payment by Debtor to Secured Party of the Indebtedness by a pledge of certain collateral, according to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and conditions set forth herein, the parties agree as follows:

1. Debtor hereby grants to Secured Party a security interest in and to 100,000 shares of the Common Stock, par value $0.001 per share, of Red Robin Gourmet Burgers, Inc. which are evidenced by Share Certificate No. [204] ("Collateral") and does hereby deliver to and deposit the Collateral with the Board of Directors of Secured Party, together with a stock power duly executed in blank.

During the term hereof, and subject to the provisions of this Agreement, Secured Party shall hold and retain the Collateral, for the purpose of perfecting the security interest herein granted to Secured Party, and for the purpose of carrying out the provisions of this Agreement.

2. The Collateral shall secure the payment of the Indebtedness.

3. Debtor warrants that Debtor is the sole lawful owner of the Collateral and that there is no lien or charge against, or encumbrance or security interest in, or adverse claim to, the Collateral, or any portion thereof, other than the security interest created pursuant to this Agreement and the Secured Party's rights pursuant to an Option Exercise Agreement of even date herewith between the Secured Party and Debtor. So long as there is any Indebtedness whatsoever owing to Secured Party, Debtor agrees to keep the Collateral free and dear of any and all liens, encumbrances, security interests (other than the security interest of Secured Party), adverse claims or interests.

4. Any and all cash dividends and cash distributions during the term of this Agreement which derive from the Collateral shall be retained by Secured Party and treated as a prepayment by Debtor against the Indebtedness. In the event that Secured Party cannot or does not (for any reason) retain such cash dividends or cash distributions, Debtor shall promptly remit

the amount of such dividends and distributions in cash to Secured Party to be treated as a prepayment by Debtor against the Indebtedness. As long as Debtor is not in default hereunder, Debtor shall retain all voting rights associated with the Collateral. After the occurrence of a default hereunder, Secured Party shall have all voting rights associated with the Collateral. Any securities or other property which are derived from Collateral during the term of this Agreement which (as a result of any non-cash dividend or other distribution of such securities or other property, conversion or exchange of or with respect to the Collateral) shall, regardless of whether Debtor is in default hereunder, be held by Secured Party as additional Collateral.

5. Debtor shall be in default under this Agreement upon the happening of any of the following events:

(a) Debtor fails to pay any portion of the Indebtedness when due, or commits a default under the Purchase Note, subject to any applicable grace or cure periods set forth therein.

(b) Debtor fails to perform any other agreement or covenant under this Agreement within any applicable notice and/or "grace" periods specified herein, provided that if no notice or grace period is herein specified, Debtor shall have ten (10) days after notice thereof has been given within which to cure any such default;

(c) All or any portion of the Collateral is seized or levied upon by writ of attachment, garnishment, execution or otherwise, and such seizure or levy is not released within thirty (30) days thereafter;

(d) Debtor executes a general assignment for the benefit of his creditors, convenes any meeting of his creditors, becomes insolvent, admits in writing his insolvency or inability to pay his debts, or is unable to pay or is generally not paying his debts as they become due;

(e) A receiver, trustee, custodian or agent is appointed to take possession of all or any portion of the Collateral or all or any substantial portion of Debtor's assets;

(f) Any case or proceeding is voluntarily commenced by Debtor under any provision of the federal Bankruptcy Code or any other federal or state law relating to debtor rehabilitation, insolvency, bankruptcy, liquidation or reorganization, or any such case or proceeding is involuntarily commenced against Debtor and not dismissed within thirty (30) days thereafter;

(g) Any representation made by Debtor in this Agreement shall have been

untrue or incorrect in any material respect when made.

Upon such default, Secured Party may, at its option, declare all Indebtedness to be immediately due and payable. Additionally, Secured Party shall have the rights and remedies set forth in Paragraph 6 below.

6. Should Debtor default under this Agreement, Secured Party shall have all the rights and remedies afforded a secured party under Article 9 of the Uniform Commercial Code of Colorado and may, in connection therewith, also:

(a) Require Debtor to assemble the Collateral and make its possession available to Secured Party at a place designated by Secured Party that is reasonably convenient to both Debtor, and Secured Party; or

(b) Sell, lease or otherwise dispose of the Collateral at public or private sale, in one or more sales, as a unit or in parcels, and at such time and place and on such terms as Secured Party may determine. Secured Party may be the purchaser of any or all of the Collateral at any public or private sale. If, at any time when Secured Party shall determine to exercise its right to sell all or any part of the Collateral and such Collateral, or the part thereof to be sold, it has been advised by legal counsel that the Collateral is subject to the Securities Act of 1933 as amended or any state securities laws, Secured Party in its sole and absolute discretion, is hereby expressly authorized to sell such Collateral, or any part thereof, subject to obtaining all required regulatory approvals, by private sale in such manner and under such circumstances as Secured Party may deem necessary or advisable in order that such sale may be effected legally without registration or qualification under applicable securities laws. Without limiting the generality of the foregoing, Secured Party, in its sole and absolute discretion, may approach and negotiate with a restricted number of potential purchasers to effect such sale or restrict such sale to a purchaser or purchaser who will represent and agree that such purchaser or purchasers are purchasing for his or their own account, for investment only, and not with a view to the distribution or sale of such Collateral or any part thereof. Any such sale shall be deemed to be a sale made in a commercially reasonable manner within the meaning of the Uniform Commercial Code of the State of Colorado and Debtor hereby consents and agrees that Secured Party shall incur no responsibility or liability for selling all or any part of the Collateral at a price which is not unreasonably low, notwithstanding the possibility that a higher price might be realized if the sale were public. Any public sale of any or all of the Collateral may be postponed from time to time by public announcement at the time and place last scheduled for the sale. Without limiting the generality of this Section 6, it shall conclusively be deemed to be commercially reasonable for Secured Party to direct any prospective purchaser of any or all of the Collateral to Debtor to ascertain all information concerning the status of Red Robin Gourmet Burgers, Inc. Secured Party's disposition of any or all of the Collateral in any manner which differs from the procedures specified in this Section 6 shall not be deemed to be commercially unreasonable; or

(c) Propose to accept the Collateral after giving notice of such proposal to Debtor and to any other person with a security interest in the Collateral as required by and in accordance with Sections 4-9-620 and 4-9-621 of the Uniform Commercial Code of Colorado, or any applicable successor statute. Such acceptance shall discharge the obligation of Debtor with respect to the Indebtedness in accordance with Section 4-9-622 of the Uniform Commercial Code of Colorado, or any applicable successor statute, provided that neither Debtor nor any other person with a security interest in the Collateral objects in writing to such proposal within twenty (20) days after receipt of such notice.

The proceeds of any sale, lease or other disposition of the Collateral shall be applied in the manner and priority set forth in Section 4-9-615 of the Uniform Commercial Code of Colorado, or any applicable successor statute.

7. In the event that legal action is instituted by either party to enforce his or its rights under this Agreement or any obligation secured hereby, the prevailing party in such action shall be entitled to recover from the losing party his or its reasonable attorneys' fees as determined by the Court.

8. Debtor waives any right to require the Secured Party to:

(a) Proceed against any person;

(b) Proceed against or exhaust any Collateral; or

(c) Pursue any other remedy in Secured Party's power.

Debtor further authorizes the Secured Party, without notice or demand and without affecting its liability hereunder or on the Indebtedness, from time

to time to:

(d) Amend or modify the terms of the Purchase Note (with Debtor's consent to the extent required by the Purchase Note), including, but not limited to, any such amendment or modification which affects the Indebtedness.

(e) Take and hold security, other than the Collateral herein described, for the payment of the Indebtedness or any part thereof, and exchange, enforce, waive, and release the Collateral herein described or any part thereof or any such other security.

(f) Apply such Collateral or other security and direct the order or manner of sale thereof as Secured Party in its discretion may determine.

9. (a) On the last business day of each fiscal quarter of Secured Party, Secured Party shall determine the value of the Collateral. The value of a share of any security means the daily closing price of such security on the NASDAQ National Market System (or other principal exchange on which shares of such security is listed or approved for trading) on such day or the most recent day on which such security traded if it did not trade on such last business day of the fiscal quarter. The daily closing price shall be the closing price, if reported, or, if the closing price is not reported, the average of the closing "bid" and "asked" prices as reported by NASDAQ (or other principal exchange). If the daily closing price per share of such security is determined during a period following the declaration of a dividend, distribution, recapitalization, reclassification or similar transaction, then the value shall be properly adjusted to take into account ex-dividend trading. In the event that a security is not traded on a national securities exchange, the Board of Directors of Secured Party shall determine the value of the security in good faith and such determination shall be final and conclusive on all parties.

(b) If the value of the Collateral shall be less than the outstanding principal and accrued interest under the Purchase Note, then Secured Party may require Debtor to repay so much of the accrued interest as may be required to cause the value of the Collateral to equal the

balance of the principal and accrued interest under the Purchase Note. If repaying some or all of the accrued interest does not reduce the amount remaining under the Purchase Note to the value of the Collateral, then Debtor shall also repay so much of the principal as may be necessary to cause the balance remaining under the Purchase Note to equal the value of the Collateral. Any amounts demanded by Secured Party pursuant to this Section 9 shall be due within 30 days following Debtor's receipt of Secured Party's written demand therefor.

10. Neither the acceptance of any partial or delinquent payment by Secured Party nor Secured Party's failure to exercise any of its rights or remedies on default by Debtor shall be a waiver of the default, a modification of this Agreement or Debtor's obligations under this Agreement, or a waiver of any subsequent default by Debtor.

11. All notices required or permitted to be given pursuant to this Agreement shall be in writing, and shall be delivered either personally, by overnight delivery service or by U.S. certified or registered mail, postage prepaid, return-receipt requested and addressed, if to the Secured Party to the attention of the Chairman of the Board of Directors of Secured Party, with a copy to the attention of the General Counsel at its principal executive offices, or if to the Debtor to the Debtor's address as it appears below his signature hereto. The parties may change their addresses by giving notice of such change in accordance with this section. Notices sent by overnight delivery service shall be deemed received on the business day following the date of deposit with the delivery service. Mailed notices shall be deemed received upon the earlier of the date of delivery shown on the return-receipt, or the second business day after the date of mailing.

12. Time is hereby expressly declared to be of the essence of this Agreement.

13. This Agreement and each of its provisions shall be binding on the heirs, executors, administrators, successors, and assigns of each of the parties hereto. Nothing contained in this paragraph, however, shall be deemed a consent to the sale, assignment, or transfer of the Collateral by Debtor.

14. This Agreement is made and entered into and shall be interpreted in accordance with the laws of the State of Colorado. Any action concerning this Agreement shall be commenced in a court of competent jurisdiction in Denver County, State of Colorado.

15. Upon payment in full of the portion of the Indebtedness evidenced by the Purchase Note, this Agreement shall terminate and be of no further force or effect and Secured Party shall immediately deliver to Debtor the Collateral and the stock powers.

16. Secured Party shall not be responsible for any damage or loss to the Collateral, or any part thereof, arising from act of God, flood, fire, or any other cause beyond the reasonable control of Secured Party.

17. Secured Party shall not be liable to either party or to anyone else for actions taken (or omissions to act) which are within the scope of the authority of Secured Party under this Agreement, provided that such actions (or omissions to act) do not constitute bad faith, gross negligence or willful misconduct.

18. Secured Party shall not be responsible in any manner whatsoever for any failure or inability of any of the parties hereto, or of anyone else, to perform or comply with the provisions of this Agreement, nor for the genuineness or accuracy of any notice received by Secured Party from any of the parties hereto.

19. Upon the request of Secured Party, from time to time, Debtor agrees to execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, all such additional instruments, and agrees to perform any and all acts reasonably required to carry into effect the provisions and intent of this Agreement.

20. In the event that the Collateral consists of securities traded on the NASDAQ National Market System or other national securities exchange and Debtor would (but for the restrictions on the Collateral imposed by this Agreement) be able to sell all or a portion of such Collateral on such system or exchange in compliance with all applicable law and in compliance with all other agreements to which Debtor is a party or otherwise bound, then Debtor may petition Secured Party to release, and Secured Party shall release, such portion of the Collateral consisting of such publicly-traded shares as Debtor may request in writing; provided (1) that the released portion of the Collateral shall be delivered only to a nationally-recognized broker identified by and for the account of Debtor, (2) that Debtor shall have previously given irrevocable written instructions to such broker (with a copy to Secured Party) to promptly sell such portion of the Collateral upon receipt by broker and promptly deliver to Secured Party (to be treated by Secured Party as a partial prepayment of the Indebtedness) a portion of the gross proceeds from such sale (such portion not to be less than the amount of the then-outstanding Indebtedness multiplied by a fraction, the numerator of which is the number of shares to be sold and the denominator of which is the total number of shares of that class composing the Collateral before the release of such shares from the Collateral). Secured Party's obligation under the preceding sentence is subject to the further conditions precedent that (1) Debtor shall provide such written assurances and representations to Secured Party as Secured Party may reasonably request to ensure compliance with the conditions of the preceding sentence, and (2) Debtor furnishes to Secured Party an opinion of counsel reasonably acceptable to Secured Party that the contemplated sale of all or a specified portion of the Collateral (at the time and on the terms specified and otherwise consistent with this Section 20) will be in compliance with all applicable law and in compliance with all other agreements to which Debtor is a party or otherwise bound.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

"DEBTOR"	"SECURED PARTY"
	RED ROBIN GOURMET BURGERS, INC. a Delaware corporation
/s/ James P. McCloskey - ---------- Signature	
James P. McCloskey - ---------- Print Name	By: /s/ Michael J. Snyder ---------- Michael J. Snyder
5235 South Logan Circle - ---------- Address	Its: Chief Executive Officer & President ----------
Greenwood Village, CO 80104 - ---------- City, State, Zip Code	

STOCK POWER*

For value received, James P. McCloskey (the Debtor identified in the related Pledge Agreement), hereby sells, assigns and transfers to _____, an aggregate _____ shares of Common Stock, par value $0.001 per share, of Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Corporation"), represented by stock certificate number(s) _____ to which this instrument is attached, and hereby irrevocably constitutes and appoints the Secretary of the Corporation as his/her attorney in fact and agent to transfer such shares on the books of the Corporation with full power of substitution in the premises.

Dated: _____

/s/ James P. McCloskey

Signature

James P. McCloskey

Print Name

_____
* Instructions: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Corporation to exercise its repurchase right set forth in the related Option Exercise Agreement and/or its rights under the Pledge Agreement without requiring additional signatures from the Debtor.

IRREVOCABLE PROXY

SECTION 1 - PROXY

The undersigned, the owner of 100,000 shares of restricted Common Stock, par value $0.001 per share, of Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Corporation"), hereby appoints the Board of Directors of the Corporation to be proxy agent ("Proxy Agent") for the undersigned, with full power of substitution, with respect to all of such shares of Common Stock of the Corporation ("Proxy Shares").

The Proxy Agent is authorized to vote all of the Proxy Shares on any matter submitted to a vote of stockholders of the Corporation at any stockholders meeting held on or after the date of this Proxy and prior to the termination of this Proxy.

The Proxy Agent is further authorized to execute documents on behalf of the undersigned with respect to the Proxy Shares consenting to the taking of any action to be taken by the stockholders of the Corporation without a meeting and to exercise any and all other rights of a stockholder of the Corporation on or after the date of this Proxy and prior to the termination of this Proxy.

Notwithstanding anything herein to the contrary, this Proxy may only be exercised by Proxy Agent if the undersigned defaults (beyond any applicable notice and/or grace or cure period) under that certain Secured Promissory Note of even date herewith in the stated principal amount of Two Hundred Thousand Dollars ($200,000) (the "Purchase Note") executed by the undersigned in favor of the Corporation, under that certain Pledge Agreement of even date herewith executed by the Corporation and the undersigned, or under that certain Option Exercise Agreement of even date herewith executed by the Corporation and the undersigned.

SECTION 2 - OUTSTANDING PROXIES

This Proxy revokes all proxies previously given by the undersigned to vote any of the Proxy Shares to any other person or entity.

SECTION 3 - IRREVOCABILITY

This Proxy is coupled with an interest and is irrevocable.

SECTION 4 - TERMINATION

This Proxy shall terminate upon the payment in full of the Purchase Note.

SECTION 5 - LEGEND

The undersigned agrees to immediately place a legend on the share certificates evidencing the Proxy Shares which reflects the existence of this

Proxy.

Dated: April 25, 2002

Signature: /s/ James P. McCloskey

Print Name: James P. McCloskey

STATE OF COLORADO)
)
) ss.
COUNTY OF ARAPAHOE)

On April 25, 2002, before me, Kyle L. WhiteJohnson, Notary Public, personally appeared James P. McCloskey, personally known to me/proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person executed the instrument.

WITNESS my hand and official seal.

/s/ Kyle L. WhiteJohnson

NOTARY PUBLIC

[SEAL]

EXHIBIT 10.32

RED ROBIN GOURMET BURGERS, INC.
2000 MANAGEMENT PERFORMANCE COMMON STOCK OPTION PLAN
OPTION EXERCISE AGREEMENT - EARLY EXERCISE

Name of Optionee:	James P. McCloskey
Date of Grant of Option:	January 29, 2002
Exercise Price per Share:	$2.50
Number of Shares Being Exercised:	100,000

The undersigned (the "Purchaser") hereby irrevocably elects to exercise his/her right, evidenced by that certain stock option agreement dated as of the Date of Grant of Option identified above (the "Option Agreement") under the Red Robin Gourmet Burgers, Inc. 2000 Management Performance Common Stock Option Plan (the "Plan"), as follows:

- the Purchaser hereby irrevocably elects to purchase a number of shares of Common Stock, par value $0.001 per share (the "Shares"), of Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Corporation"), equal to the Number of Shares Being Exercised set forth above, and

- such purchase shall be at a price per share equal to the Exercise Price per Share set forth above (subject to applicable withholding taxes).

1. Investment Representations. The Purchaser acknowledges that the sale of the Shares by the Purchaser is restricted by SEC Rule 701. The Purchaser hereby affirms as made as of the date hereof the representations in his or her Option Agreement and such representations are incorporated herein by this reference. The Purchaser represents that he/she has no need for liquidity in this investment, has the ability to bear the economic risk of this investment, and can afford a complete loss of the purchase price for the Shares. The Purchaser acknowledges receipt of the Corporation's condensed consolidated financial information.

The Purchaser also understands and acknowledges (a) that the certificates representing the Shares will be legended as provided for below, and (b) that the Corporation has no obligation to register the Shares or file any registration statement under federal or state securities laws.

The certificates representing the Shares will bear the following legends or substantially similar legends:

"OWNERSHIP OF THIS CERTIFICATE, THE SHARES EVIDENCED BY THIS CERTIFICATE AND ANY INTEREST THEREIN ARE SUBJECT TO SUBSTANTIAL RESTRICTIONS ON TRANSFER UNDER APPLICABLE LAW AND UNDER AGREEMENTS WITH THE CORPORATION, INCLUDING RESTRICTIONS ON SALE, ASSIGNMENT, TRANSFER, PLEDGE OR OTHER DISPOSITION."

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("ACT"), NOR HAVE THEY BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. NO TRANSFER OF SUCH SECURITIES WILL BE PERMITTED UNLESS A REGISTRATION STATEMENT UNDER THE ACT IS IN EFFECT AS TO SUCH TRANSFER, THE TRANSFER IS MADE IN ACCORDANCE WITH RULE 144 UNDER THE ACT, OR IN THE OPINION OF COUNSEL TO THE CORPORATION, REGISTRATION UNDER THE ACT IS UNNECESSARY IN ORDER FOR SUCH TRANSFER TO COMPLY WITH THE ACT AND WITH APPLICABLE STATE SECURITIES LAWS."

"THE SHARES ARE SUBJECT TO THE CORPORATION'S RIGHT TO REPURCHASE THEM UNDER AN AGREEMENT WITH THE CORPORATION, A COPY OF WHICH IS AVAILABLE FOR REVIEW AT THE OFFICE OF THE SECRETARY OF THE CORPORATION."

2. Vesting. The Shares are being acquired prior to the time that they have become vested in accordance with the terms of the Option Agreement. Accordingly, the Shares are subject to the Corporation's repurchase right set forth in Section 5 below and other restrictions set forth herein. The Shares shall vest, and the Corporation's repurchase right under Section 5 shall lapse, as of the date(s) that the Option would have otherwise become vested as to such Shares. The maximum number of Shares that may vest on any occasion or event shall not exceed the number of shares that would have otherwise vested on such date under the Option Agreement had the underlying stock option not been

exercised prior to full vesting to acquire the Shares. No additional Shares shall vest after the date that the Purchaser's employment by the Corporation terminates.

3. Delivery of Share Certificate. The Corporation shall issue a certificate or certificates for the Shares, registered in the name of the Purchaser, which certificate(s) shall upon redelivery thereof to the Corporation pursuant to the following provisions of this Section 3 be held by the Corporation until the restrictions on such Shares shall have lapsed and the Shares shall thereby have become vested or the Shares represented thereby are repurchased by the Corporation in accordance with Section 5.

Upon delivery to the Purchaser of the certificate(s) representing the Shares, the Purchaser shall redeliver such certificate(s) to the Corporation, together with a stock power or stock powers, in blank and in substantially the form attached hereto, with respect to such certificate(s), to be held by the Corporation pursuant to the terms hereof. The Purchaser hereby appoints the Corporation and each of its authorized representatives as the Purchaser's attorney(s)-in-fact to effect any transfer of the Shares that are repurchased by the Corporation in accordance with the terms hereof or related cash, property or rights (including Restricted Property, as such term is defined below) to the Corporation as may be required pursuant to this Exercise Agreement and to execute such documents as the Corporation or such representatives deem necessary or advisable in connection with any such transfer.

Promptly after the vesting of the Shares in accordance with Section 2 above, a certificate or certificates evidencing the number of shares of Common Stock as to which the restrictions

have lapsed or been released shall be delivered to the Purchaser or other person entitled under the terms hereof and of the Plan to receive the shares. The Shares so delivered shall no longer be subject to the Corporation's repurchase right under Section 5, but such shares shall continue to be subject to the other restrictions set forth herein, in the Option Agreement, and in the Plan. Vested Shares and any other amounts deliverable pursuant to the Shares shall be delivered and paid only to the Purchaser or the Purchaser's beneficiary or personal representative, as the case may be.

4. Dividend; Voting Rights. After the date of issuance of the Shares, the Purchaser shall be entitled to cash dividends and voting rights with respect to the Shares, but such rights shall terminate as to any Shares that are repurchased by the Corporation in accordance with Section 5. Any securities or other property receivable in respect of the Shares by the Purchaser as a result of any dividend or other distribution, conversion or exchange of or with respect to the Shares are, together, referred to as "Restricted Property." Upon a repurchase of any Shares by the Corporation in accordance with Section 5, the Restricted Property related to such repurchased Shares shall be automatically transferred to the Corporation, without any further action by the Purchaser (or the Purchaser's beneficiary or personal representative, as the case may be) or additional consideration from the Corporation. The Corporation may take any other action necessary or advisable to evidence such transfer. The Purchaser, or the Purchaser's beneficiary or personal representative, as the case may be, shall deliver any additional documents of transfer that the Corporation may request to confirm the transfer of such Restricted Property to the Corporation.

5. Corporation's Repurchase Right. Subject to the terms and conditions of this Section 5, the Corporation shall have the right (the "Repurchase Right") (but not the obligation) to repurchase in one or more transactions in connection with the termination of the Purchaser's employment with the Corporation, and the Purchaser (or any permitted transferee) shall be obligated to sell any of the Shares that have not, as of the date of such termination of employment, become vested.

To exercise the Repurchase Right, the Corporation must give written notice thereof to the Purchaser (the "Repurchase Notice"). The Repurchase Notice is irrevocable by the Corporation and must (a) be in writing and signed by an authorized officer of the Corporation, (b) set forth the Corporation's intent to exercise the Repurchase Right and contain the total number of Shares to be sold to the Corporation pursuant to the exercise of the Repurchase Right, (c) be mailed or delivered to the Purchaser at the Purchaser's address reflected or last reflected on the Corporation's payroll records or delivered to the Purchaser in person, and (d) be so mailed or delivered no later than the ninetieth (90/th/) day following the date that the Purchaser's employment by the Corporation terminates. If mailed, the Repurchase Notice shall be enclosed in a properly sealed envelope, addressed as aforesaid, and deposited (postage prepaid) in a post office or branch post office regularly maintained by the United States Government. The Repurchase Notice shall be deemed to have been duly given as of the date mailed or delivered in accordance with the foregoing provisions.

The price per Share to be paid by the Corporation upon settlement of the Corporation's Repurchase Right (the "Repurchase Price") shall equal the

lesser of (a) the price paid by the Purchaser to exercise the stock option and
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acquire such Share, or (b) the fair market value of a

Share as reasonably determined by the Corporation's Board of Directors as of the date of the Repurchase Notice. No interest shall be paid with respect to and no other adjustments (other than adjustments to reflect stock splits and similar changes in capitalization) shall be made to the Repurchase Price. The closing of any repurchase under this Section 5 shall be at a date to be specified by the Corporation, such date to be no later than 90 days after the date that the Purchaser's employment by the Corporation terminates. The Repurchase Price shall be paid at the closing in the form of a check in the amount of the Repurchase Price, by cancellation of money purchase indebtedness in like amount or by a combination of check and debt cancellation, as the Corporation may determine in its discretion.

Upon a repurchase of any Shares by the Corporation, such repurchased Shares shall be automatically transferred to the Corporation, without any further action by the Purchaser (or the Purchaser's beneficiary or personal representative, as the case may be). The Corporation may exercise its powers under this Exercise Agreement (including, without limitation, its powers under Section 3) and take any other action necessary or advisable to evidence such transfer. The Purchaser, or the Purchaser's beneficiary or personal representative, as the case may be, shall deliver any additional documents of transfer that the Corporation may request to confirm the transfer of such repurchased Shares to the Corporation.

If the Purchaser (or any permitted transferee who is an employee of the Company) ceases to be an employee of the Company and holds Shares as to which the Corporation's Repurchase Right has been exercised, the Purchaser shall be entitled to the value of such Shares in accordance with the foregoing provisions of this Section 5, but (unless otherwise required by law) shall no longer be entitled to participation in the Corporation or other rights as a shareholder with respect to the Shares subject to the repurchase. To the maximum extent permitted by law, the Purchaser's rights following the exercise of the Repurchase Right shall, with respect to the repurchase and the Shares covered thereby, be solely the rights that he or she has as a general creditor of the Corporation to receive payment of the amount specified above in this Section 5.

The Repurchase Right is in addition to, and not in lieu of, any right that the Corporation may have under the Option Agreement or the Plan. Notwithstanding anything to the contrary, the Corporation may assign any or all of its rights under this Section 5 to one or more stockholders of the Corporation.

6. Limitation on Disposition and Other Restrictions. The Shares and any Restricted Property in respect of the Shares may not be sold, assigned, transferred, pledged or otherwise disposed of, alienated or encumbered, either voluntarily or involuntarily, other than to the Corporation, until the time that the Shares (and related Restricted Property) become vested in accordance with Section 2.

7. Plan and Option Agreement. The Purchaser acknowledges receipt of a copy of all documents referenced herein and acknowledges reading and understanding these documents and having an opportunity to ask any questions that he/she may have had about them.

The Company has made and makes no representation regarding the advisability of, or regarding the tax, financial and other consequences of, an election to purchase the Shares prior to the time(s) that they have become vested under the Option Agreement. The Purchaser has

and will rely upon the advice of his/her own legal counsel, tax advisors, and/or investment advisors with respect to (1) this purchase and (2) the advisability of and procedures for making an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, with respect to this purchase and the risks, potential benefits, and consequences of such an election. The Purchaser is not relying on any representations or statements made by the Company or any of its agents. The Purchaser acknowledges that, under applicable law, if he or she decides to make an election under Section 83(b) of the Code with respect to this purchase, such election must be made within 30 days of the date of this purchase.

"PURCHASER" ACCEPTED BY:
RED ROBIN GOURMET BURGERS, Inc.

/s/ James P. McCloskey
- ----------
Signature By: /s/ Michael J. Snyder

Michael J. Snyder

James P. McCloskey — Its: Chief Executive Officer & President

Print Name

April 25, 2002

Date

SECURED PROMISSORY NOTE

$250,000.00 — April 25, 2002, Greenwood Village, CO

FOR VALUE RECEIVED, the undersigned James P. McCloskey ("Maker"), promises to pay to the order of RED ROBIN GOURMET BURGERS, INC., a Delaware corporation ("Holder"), which term shall include any subsequent holder of this Note, at 5575 DTC Parkway, Suite 110, Greenwood Village, Colorado 80111 (or at such other place as Holder shall designate in writing) in lawful money of the United States of America, the principal sum of Two Hundred Fifty Thousand Dollars ($250,000.00), with interest thereon commencing as of the date first written above at the rate (the "Interest Rate") described below.

1. Interest Rate. The Interest Rate shall be equal to 100% of the long-term Applicable Federal Rate, for annual compounding, announced by the Internal Revenue Service and in effect on the date first set forth above. The parties agree that such rate is 4.65% for purposes of this Note. Interest shall be compounded annually.

2. Outstanding Principal Balance. All references to the "Outstanding Principal Balance" shall mean the sum of Two Hundred Fifty Thousand Dollars ($250,000.00), less any principal repaid.

3. Payments. The principal balance of Two Hundred Fifty Thousand Dollars ($250,000.00) shall be due and payable in full on the "Due Date." The Due Date shall be the first to occur of (1) January 29, 2012 or (2) the first date that the Maker is no longer employed by the Holder (or a subsidiary of the Holder). On the Due Date, the accrued interest on this Note shall also be due and payable.

4. Application of Payments. All payments on this Note shall be applied first to the payment of accrued and unpaid interest, and then to the reduction of the Outstanding Principal Balance.

5. Prepayment Right. Maker shall have the right to prepay at any time, in whole or in part, the Outstanding Principal Balance of this Note, without premium or penalty.

6. Events of Default. Time is of the essence hereof. Upon the occurrence of any of the following events (the "Events of Default"):

(a) Failure of Maker to pay any portion of the Outstanding Principal Balance or any portion of the accrued interest thereon when due;

(b) Default by Maker in the performance of any other obligation of Maker under this Note; or

(c) Default by Maker in the performance of any obligation under that certain Option Exercise Agreement (the "Option Exercise Agreement") of even date herewith between Maker and Holder, under that certain Pledge Agreement of even date herewith between Maker

and Holder, or under any other document delivered by Maker in connection with the Option Exercise Agreement;

then if Maker does not fully cure any Event of Default within five (5) days of the date written notice is given by Holder to Maker (at Maker's address set forth below his signature), payment of the entire Outstanding Principal Balance and accrued interest on this Note shall, at the option of Holder, be accelerated and shall be immediately due and payable without notice or demand. In such event, Holder shall have the right, in addition to all other rights and remedies hereunder or under any other document, to foreclose or to require foreclosure of any or all liens securing the payment hereof.

7. Default Rate. In the event that Maker fails to pay any portion of the Outstanding Principal Balance or any portion of the accrued interest thereon when due, the amount past due and unpaid shall bear interest at an annual rate (the "Default Rate") equal to the greater of: (i) the Interest Rate; or (ii) the

lesser of (a) twelve percent (12%) per annum or (b) the rate established by the Federal Reserve Bank of San Francisco on advances to member banks under Sections 13 and 13(a) of the Federal Reserve Act in effect on the twenty-fifth (25th) day of the month immediately preceding the date of this Note plus five percent (5%) per annum or (c) the maximum rate that may be charged under applicable law; computed from the Due Date on which said amount was due and payable until paid. The charging or collecting of interest at the Default Rate shall not limit any of Holder's other rights or remedies under this Note.

8. Governing Law. Maker, and each endorser and cosigner of this Note, acknowledges and agrees that this Note is made and is intended to be paid and performed in the State of Colorado and the provisions hereof will be construed in accordance with the laws of the State of Colorado and, to the extent that federal law may preempt the applicability of state laws, federal law. Maker, and each endorser and cosigner of this Note further agree that upon the occurrence of a default, this Note may be enforced in any court of competent jurisdiction in the State of Colorado, and they do hereby submit to the jurisdiction of such courts regardless of their residence.

9. Remedies Cumulative; Waiver. The remedies of Holder as provided herein shall be cumulative and concurrent, and may be pursued singularly, successively or together, in the sole discretion of Holder, and may be exercised as often as occasion therefor shall arise. No act of omission or commission of Holder, including specifically any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same; such waiver or release to be affected only through a written document executed by Holder and then only to the extent specifically recited therein. Without limiting the generality of the preceding sentence, acceptance by Holder of any payment with knowledge of the occurrence of a default by Maker shall not be deemed a waiver of such default, and acceptance by Holder of any payment in an amount less than the amount then due hereunder shall be an acceptance on account only and shall not in any way affect the existence of a default hereunder. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of, any subsequent right, remedy or recourse as to a subsequent event.

10. Purpose of Loan. Maker certifies that the loan evidenced by this Note is obtained for business or commercial purposes and that the proceeds thereof shall not be used for personal, family, household or agricultural purposes.

11. Miscellaneous Provisions.

(a) Maker, and each endorser and cosigner of this Note expressly grants to Holder the right to release or to agree not to sue any other person, or to suspend the right to enforce this Note against such other person or to otherwise discharge such person; and Maker, and each endorser and cosigner agrees that the exercise of such rights by Holder will have no effect on the liability of any other person, primarily or secondarily liable hereunder. Maker, and each endorser and cosigner of this Note waives, to the fullest extent permitted by law, demand for payment, presentment for payment, protest, notice of protest, notice of dishonor, notice of nonpayment, notice of acceleration of maturity, diligence in taking any action to collect sums owing hereunder, any duty or obligation of Holder to effect, protect, perfect, retain or enforce any security for the payment of this Note or to proceed against any collateral before otherwise enforcing this Note, and the right to plead as a defense to the payment hereof any statute of limitations.

(b) This Note shall be paid when due without deduction or setoff of any kind or nature whatsoever.

(c) Maker agrees to reimburse Holder for all costs, including, without limitation, reasonable attorneys' fees, incurred to collect this Note if this Note is not paid when due, including, but not limited to, attorneys' fees incurred in connection with any bankruptcy proceedings instituted by or against Maker (including relief from stay litigation).

(d) If any provision hereof is for any reason and to any extent, invalid or unenforceable, then neither the remainder of the document in which such provision is contained, nor the application of the provision to other persons, entities or circumstances shall be affected thereby, but instead shall be enforceable to the maximum extent permitted by law.

(e) This Note shall be a joint and several obligation of Maker, and of all endorsers and cosigners hereof and shall be binding upon them and their respective heirs, personal representatives, successors and assigns.

(f) Maker may modify this Note in any manner that does not materially and adversely affect Holder. Except as provided in the preceding sentence, this Note may not be modified or amended orally, but only by a modification or amendment in writing signed by Holder and Maker.

(g) Notwithstanding anything in the Option Exercise Agreement to the contrary, if any amount becomes due or payable from the Holder to the Maker under the Option Exercise Agreement (in connection with the Holder's repurchase of shares or otherwise), the Holder may, in its sole discretion and in lieu of making such payment to the Maker, treat such amount as a payment of the Maker against the interest and/or principal on this Note.

(h) When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural and the masculine shall include the feminine and neuter and vice versa. The word "person" as used herein shall include any individual, company, firm, association, partnership, corporation, trust or other legal entity of any kind whatsoever.

(i) The headings of the paragraphs and sections of this Note are for convenience of reference only, are not to be considered a part hereof and shall not limit to otherwise affect any of the terms hereof.

(j) In the event that at any time any payment received by Holder hereunder shall be deemed by final order of a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under the bankruptcy or insolvency laws of the United States, or shall otherwise be deemed to be due to any party other than Holder, then, in any such event, the obligation to make such payment shall survive any cancellation of this Note and/or return thereof to Maker and shall not be discharged or satisfied by any prior payment thereof and/or cancellation of this Note, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof, and the amount of such payment shall bear interest at the Default Rate from the date of such final order until repaid hereunder.

12. Security. This Note is secured by a pledge of certain personal property of Maker as described more fully in that certain Pledge Agreement executed by Maker and Holder concurrently herewith.

IN WITNESS WHEREOF, Maker has executed this Promissory Note as of the day and year first above written.

"MAKER"

/s/ James P. McCloskey

Signature

James P. McCloskey

Print Name

5235 South Logan Circle

Address

Greenwood Village, CO 80121

City, State, Zip Code

PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT ("Agreement") is made and entered into this 25th day of April, 2002, between RED ROBIN GOURMET BURGERS, INC., a Delaware corporation ("Secured Party"), and James P. McCloskey ("Debtor").

RECITALS

A. Concurrently herewith, Debtor has executed a certain Secured Promissory Note (the "Purchase Note") in the stated principal amount of Two Hundred Fifty Thousand Dollars ($250,000.00) in favor of Secured Party.

B. The indebtedness of Debtor to Secured Party under the Purchase Note is hereinafter referred to as the "Indebtedness."

C. It is the purpose and intent of the parties hereto to secure the payment by Debtor to Secured Party of the Indebtedness by a pledge of certain collateral, according to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and conditions set forth herein, the parties agree as follows:

1. Debtor hereby grants to Secured Party a security interest in and to 100,000 shares of the Common Stock, par value $0.001 per share, of Red Robin Gourmet Burgers, Inc. which are evidenced by Share Certificate No. 205 ("Collateral") and does hereby deliver to and deposit the Collateral with the Board of Directors of Secured Party, together with a stock power duly executed in blank.

During the term hereof, and subject to the provisions of this Agreement, Secured Party shall hold and retain the Collateral, for the purpose of perfecting the security interest herein granted to Secured Party, and for the purpose of carrying out the provisions of this Agreement.

2. The Collateral shall secure the payment of the Indebtedness.

3. Debtor warrants that Debtor is the sole lawful owner of the Collateral and that there is no lien or charge against, or encumbrance or security interest in, or adverse claim to, the Collateral, or any portion thereof, other than the security interest created pursuant to this Agreement and the Secured Party's rights pursuant to an Option Exercise Agreement of even date herewith between the Secured Party and Debtor. So long as there is any Indebtedness whatsoever owing to Secured Party, Debtor agrees to keep the Collateral free and dear of any and all liens, encumbrances, security interests (other than the security interest of Secured Party), adverse claims or interests.

4. Any and all cash dividends and cash distributions during the term of this Agreement which derive from the Collateral shall be retained by Secured Party and treated as a prepayment by Debtor against the Indebtedness. In the event that Secured Party cannot or does not (for any reason) retain such cash dividends or cash distributions, Debtor shall promptly remit

the amount of such dividends and distributions in cash to Secured Party to be treated as a prepayment by Debtor against the Indebtedness. As long as Debtor is not in default hereunder, Debtor shall retain all voting rights associated with the Collateral. After the occurrence of a default hereunder, Secured Party shall have all voting rights associated with the Collateral. Any securities or other property which are derived from Collateral during the term of this Agreement which (as a result of any non-cash dividend or other distribution of such securities or other property, conversion or exchange of or with respect to the Collateral) shall, regardless of whether Debtor is in default hereunder, be held by Secured Party as additional Collateral.

5. Debtor shall be in default under this Agreement upon the happening of any of the following events:

(a) Debtor fails to pay any portion of the Indebtedness when due, or commits a default under the Purchase Note, subject to any applicable grace or cure periods set forth therein.

(b) Debtor fails to perform any other agreement or covenant under this Agreement within any applicable notice and/or "grace" periods specified herein, provided that if no notice or grace period is herein specified, Debtor shall have ten (10) days after notice thereof has been given within which to cure any such default;

(c) All or any portion of the Collateral is seized or levied upon by writ of attachment, garnishment, execution or otherwise, and such seizure or levy is not released within thirty (30) days thereafter;

(d) Debtor executes a general assignment for the benefit of his creditors, convenes any meeting of his creditors, becomes insolvent, admits in writing his insolvency or inability to pay his debts, or is unable to pay or is generally not paying his debts as they become due;

(e) A receiver, trustee, custodian or agent is appointed to take possession of all or any portion of the Collateral or all or any substantial portion of Debtor's assets;

(f) Any case or proceeding is voluntarily commenced by Debtor under any provision of the federal Bankruptcy Code or any other federal or state law relating to debtor rehabilitation, insolvency, bankruptcy, liquidation or reorganization, or any such case or proceeding is involuntarily commenced against Debtor and not dismissed within thirty (30) days thereafter;

(g) Any representation made by Debtor in this Agreement shall have been untrue or incorrect in any material respect when made.

Upon such default, Secured Party may, at its option, declare all Indebtedness to be immediately due and payable. Additionally, Secured Party shall have the rights and remedies set forth in Paragraph 6 below.

6. Should Debtor default under this Agreement, Secured Party shall have all the rights and remedies afforded a secured party under Article 9 of the Uniform Commercial Code of Colorado and may, in connection therewith, also:

(a) Require Debtor to assemble the Collateral and make its possession available to Secured Party at a place designated by Secured Party that is reasonably convenient to both Debtor, and Secured Party; or

(b) Sell, lease or otherwise dispose of the Collateral at public or private sale, in one or more sales, as a unit or in parcels, and at such time and place and on such terms as Secured Party may determine. Secured Party may be the purchaser of any or all of the Collateral at any public or private sale. If, at any time when Secured Party shall determine to exercise its right to sell all or any part of the Collateral and such Collateral, or the part thereof to be sold, it has been advised by legal counsel that the Collateral is subject to the Securities Act of 1933 as amended or any state securities laws, Secured Party in its sole and absolute discretion, is hereby expressly authorized to sell such Collateral, or any part thereof, subject to obtaining all required regulatory approvals, by private sale in such manner and under such circumstances as Secured Party may deem necessary or advisable in order that such sale may be effected legally without registration or qualification under applicable securities laws. Without limiting the generality of the foregoing, Secured Party, in its sole and absolute discretion, may approach and negotiate with a restricted number of potential purchasers to effect such sale or restrict such sale to a purchaser or purchaser who will represent and agree that such purchaser or purchasers are purchasing for his or their own account, for investment only, and not with a view to the distribution or sale of such Collateral or any part thereof. Any such sale shall be deemed to be a sale made in a commercially reasonable manner within the meaning of the Uniform Commercial Code of the State of Colorado and Debtor hereby consents and agrees that Secured Party shall incur no responsibility or liability for selling all or any part of the Collateral at a price which is not unreasonably low, notwithstanding the possibility that a higher price might be realized if the sale were public. Any public sale of any or all of the Collateral may be postponed from time to time by public announcement at the time and place last scheduled for the sale. Without limiting the generality of this Section 6, it shall conclusively be deemed to be commercially reasonable for Secured Party to direct any prospective purchaser of any or all of the Collateral to Debtor to ascertain all information concerning the status of Red Robin Gourmet Burgers, Inc. Secured Party's disposition of any or all of the Collateral in any manner which differs from the procedures specified in this Section 6 shall not be deemed to be commercially unreasonable; or

(c) Propose to accept the Collateral after giving notice of such proposal to Debtor and to any other person with a security interest in the Collateral as required by and in accordance with Sections 4-9-620 and 4-9-621 of the Uniform Commercial Code of Colorado, or any applicable successor statute. Such acceptance shall discharge the obligation of Debtor with respect to the Indebtedness in accordance with Section 4-9-622 of the Uniform Commercial Code of Colorado, or any applicable successor statute, provided that neither Debtor nor any other person with a security interest in the Collateral objects in writing to such proposal within twenty (20) days after receipt of such notice.

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The proceeds of any sale, lease or other disposition of the Collateral shall be applied in the manner and priority set forth in Section 4-9-615 of the Uniform Commercial Code of Colorado, or any applicable successor statute.

7. In the event that legal action is instituted by either party to enforce his or its rights under this Agreement or any obligation secured hereby, the prevailing party in such action shall be entitled to recover from the losing party his or its reasonable attorneys' fees as determined by the Court.

8. Debtor waives any right to require the Secured Party to:

(a) Proceed against any person;

(b) Proceed against or exhaust any Collateral; or

(c) Pursue any other remedy in Secured Party's power.

Debtor further authorizes the Secured Party, without notice or demand and without affecting its liability hereunder or on the Indebtedness, from time to time to:

(d) Amend or modify the terms of the Purchase Note (with Debtor's consent to the extent required by the Purchase Note), including, but not limited to, any such amendment or modification which affects the Indebtedness.

(e) Take and hold security, other than the Collateral herein described, for the payment of the Indebtedness or any part thereof, and exchange, enforce, waive, and release the Collateral herein described or any part thereof or any such other security.

(f) Apply such Collateral or other security and direct the order or manner of sale thereof as Secured Party in its discretion may determine.

9. (a) On the last business day of each fiscal quarter of Secured Party, Secured Party shall determine the value of the Collateral. The value of a share of any security means the daily closing price of such security on the NASDAQ National Market System (or other principal exchange on which shares of such security is listed or approved for trading) on such day or the most recent day on which such security traded if it did not trade on such last business day of the fiscal quarter. The daily closing price shall be the closing price, if reported, or, if the closing price is not reported, the average of the closing "bid" and "asked" prices as reported by NASDAQ (or other principal exchange). If the daily closing price per share of such security is determined during a period following the declaration of a dividend, distribution, recapitalization, reclassification or similar transaction, then the value shall be properly adjusted to take into account ex-dividend trading. In the event that a security is not traded on a national securities exchange, the Board of Directors of Secured Party shall determine the value of the security in good faith and such determination shall be final and conclusive on all parties.

(b) If the value of the Collateral shall be less than the outstanding principal and accrued interest under the Purchase Note, then Secured Party may require Debtor to repay so much of the accrued interest as may be required to cause the value of the Collateral to equal the

balance of the principal and accrued interest under the Purchase Note. If repaying some or all of the accrued interest does not reduce the amount remaining under the Purchase Note to the value of the Collateral, then Debtor shall also repay so much of the principal as may be necessary to cause the balance remaining under the Purchase Note to equal the value of the Collateral. Any amounts demanded by Secured Party pursuant to this Section 9 shall be due within 30 days following Debtor's receipt of Secured Party's written demand therefor.

10. Neither the acceptance of any partial or delinquent payment by Secured Party nor Secured Party's failure to exercise any of its rights or remedies on default by Debtor shall be a waiver of the default, a modification of this Agreement or Debtor's obligations under this Agreement, or a waiver of any subsequent default by Debtor.

11. All notices required or permitted to be given pursuant to this Agreement shall be in writing, and shall be delivered either personally, by overnight delivery service or by U.S. certified or registered mail, postage prepaid, return-receipt requested and addressed, if to the Secured Party to the attention of the Chairman of the Board of Directors of Secured Party, with a copy to the attention of the General Counsel at its principal executive offices, or if to the Debtor to the Debtor's address as it appears below his signature hereto. The parties may change their addresses by giving notice of such change in accordance with this section. Notices sent by overnight delivery service shall be deemed received on the business day following the date of deposit with the delivery service. Mailed notices shall be deemed received upon the earlier of the date of delivery shown on the return-receipt, or the second business day after the date of mailing.

12. Time is hereby expressly declared to be of the essence of this Agreement.

13. This Agreement and each of its provisions shall be binding on the heirs, executors, administrators, successors, and assigns of each of the parties hereto. Nothing contained in this paragraph, however, shall be deemed a consent to the sale, assignment, or transfer of the Collateral by Debtor.

14. This Agreement is made and entered into and shall be interpreted in accordance with the laws of the State of Colorado. Any action concerning this Agreement shall be commenced in a court of competent jurisdiction in Denver County, State of Colorado.

15. Upon payment in full of the portion of the Indebtedness evidenced by the Purchase Note, this Agreement shall terminate and be of no further force or effect and Secured Party shall immediately deliver to Debtor the Collateral and the stock powers.

16. Secured Party shall not be responsible for any damage or loss to the Collateral, or any part thereof, arising from act of God, flood, fire, or any other cause beyond the reasonable control of Secured Party.

17. Secured Party shall not be liable to either party or to anyone else

for actions taken (or omissions to act) which are within the scope of the authority of Secured Party under this Agreement, provided that such actions (or omissions to act) do not constitute bad faith, gross negligence or willful misconduct.

18. Secured Party shall not be responsible in any manner whatsoever for any failure or inability of any of the parties hereto, or of anyone else, to perform or comply with the provisions of this Agreement, nor for the genuineness or accuracy of any notice received by Secured Party from any of the parties hereto.

19. Upon the request of Secured Party, from time to time, Debtor agrees to execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, all such additional instruments, and agrees to perform any and all acts reasonably required to carry into effect the provisions and intent of this Agreement.

20. In the event that the Collateral consists of securities traded on the NASDAQ National Market System or other national securities exchange and Debtor would (but for the restrictions on the Collateral imposed by this Agreement) be able to sell all or a portion of such Collateral on such system or exchange in compliance with all applicable law and in compliance with all other agreements to which Debtor is a party or otherwise bound, then Debtor may petition Secured Party to release, and Secured Party shall release, such portion of the Collateral consisting of such publicly-traded shares as Debtor may request in writing; provided (1) that the released portion of the Collateral shall be delivered only to a nationally-recognized broker identified by and for the account of Debtor, (2) that Debtor shall have previously given irrevocable written instructions to such broker (with a copy to Secured Party) to promptly sell such portion of the Collateral upon receipt by broker and promptly deliver to Secured Party (to be treated by Secured Party as a partial prepayment of the Indebtedness) a portion of the gross proceeds from such sale (such portion not to be less than the amount of the then-outstanding Indebtedness multiplied by a fraction, the numerator of which is the number of shares to be sold and the denominator of which is the total number of shares of that class composing the Collateral before the release of such shares from the Collateral). Secured Party's obligation under the preceding sentence is subject to the further conditions precedent that (1) Debtor shall provide such written assurances and representations to Secured Party as Secured Party may reasonably request to ensure compliance with the conditions of the preceding sentence, and (2) Debtor furnishes to Secured Party an opinion of counsel reasonably acceptable to Secured Party that the contemplated sale of all or a specified portion of the Collateral (at the time and on the terms specified and otherwise consistent with this Section 20) will be in compliance with all applicable law and in compliance with all other agreements to which Debtor is a party or otherwise bound.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

"DEBTOR"	"SECURED PARTY"
	RED ROBIN GOURMET BURGERS, INC. a Delaware corporation
/s/ James P. McCloskey - ---------- Signature	
James P. McCloskey - ---------- Print Name	By: /s/ Michael J. Snyder ---------- Michael J. Snyder
5235 South Logan Circle - ---------- Address	Its: Chief Executive Officer & President ----------
Greenwood Village, CO 80104 - ---------- City, State, Zip Code	

STOCK POWER*

For value received, James P. McCloskey (the Debtor identified in the related Pledge Agreement), hereby sells, assigns and transfers to

_____, an aggregate _____ shares of Common Stock, par value $0.001 per share, of Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Corporation"), represented by stock certificate number(s) _____ to which this instrument is attached, and hereby irrevocably constitutes and appoints the Secretary of the Corporation as his/her attorney in fact and agent to transfer such shares on the books of the Corporation with full power of substitution in the premises.

Dated: _____

/s/ James P. McCloskey

Signature

James P. McCloskey

Print Name

_____

* Instructions: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Corporation to exercise its repurchase right set forth in the related Option Exercise Agreement and/or its rights under the Pledge Agreement without requiring additional signatures from the Debtor.

IRREVOCABLE PROXY

SECTION 1 - PROXY

The undersigned, the owner of 100,000 shares of restricted Common Stock, par value $0.001 per share, of Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Corporation"), hereby appoints the Board of Directors of the Corporation to be proxy agent ("Proxy Agent") for the undersigned, with full power of substitution, with respect to all of such shares of Common Stock of the Corporation ("Proxy Shares").

The Proxy Agent is authorized to vote all of the Proxy Shares on any matter submitted to a vote of stockholders of the Corporation at any stockholders meeting held on or after the date of this Proxy and prior to the termination of this Proxy.

The Proxy Agent is further authorized to execute documents on behalf of the undersigned with respect to the Proxy Shares consenting to the taking of any action to be taken by the stockholders of the Corporation without a meeting and to exercise any and all other rights of a stockholder of the Corporation on or after the date of this Proxy and prior to the termination of this Proxy.

Notwithstanding anything herein to the contrary, this Proxy may only be exercised by Proxy Agent if the undersigned defaults (beyond any applicable notice and/or grace or cure period) under that certain Secured Promissory Note of even date herewith in the stated principal amount of Two Hundred Fifty Thousand Dollars ($250,000) (the "Purchase Note") executed by the undersigned in favor of the Corporation, under that certain Pledge Agreement of even date herewith executed by the Corporation and the undersigned, or under that certain Option Exercise Agreement of even date herewith executed by the Corporation and the undersigned.

SECTION 2 - OUTSTANDING PROXIES

This Proxy revokes all proxies previously given by the undersigned to vote any of the Proxy Shares to any other person or entity.

SECTION 3 - IRREVOCABILITY

This Proxy is coupled with an interest and is irrevocable.

SECTION 4 - TERMINATION

This Proxy shall terminate upon the payment in full of the Purchase Note.

SECTION 5 - LEGEND

The undersigned agrees to immediately place a legend on the share certificates evidencing the Proxy Shares which reflects the existence of this Proxy.

Dated: April 25, 2002

Signature: /s/ James P. McCloskey

Print Name: James P. McCloskey

STATE OF COLORADO)
) ss.
COUNTY OF ARAPAHOE)

On April 25, 2002, before me, Kyle L. WhiteJohnson, Notary Public, personally appeared James P. McCloskey, personally known to me/proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person executed the instrument.

WITNESS my hand and official seal.

/s/ Kyle L. WhiteJohnson

NOTARY PUBLIC

[SEAL]

EXHIBIT 10.33

SECURED PROMISSORY NOTE

$600,000.00 April 25, 2002
Greenwood Village, CO

FOR VALUE RECEIVED, the undersigned James P. McCloskey ("Maker"), promises to pay to the order of RED ROBIN GOURMET BURGERS, INC., a Delaware corporation ("Holder"), which term shall include any subsequent holder of this Note, at 5575 DTC Parkway, Suite 110, Greenwood Village, Colorado 80111 (or at such other place as Holder shall designate in writing) in lawful money of the United States of America, the principal sum of Six Hundred Thousand Dollars ($600,000.00), with interest thereon commencing as of the date first written above at the rate (the "Interest Rate") described below.

1. Interest Rate. The Interest Rate shall be equal to 100% of the long-term Applicable Federal Rate, for annual compounding, announced by the Internal Revenue Service and in effect on the date first set forth above. The parties agree that such rate is 4.65% for purposes of this Note. Interest shall be compounded annually.

2. Outstanding Principal Balance. All references to the "Outstanding Principal Balance" shall mean the sum of Six Hundred Thousand Dollars ($600,000.00), less any principal repaid.

3. Payments. The principal balance of Six Hundred Thousand Dollars ($600,000.00) shall be due and payable in full on the "Due Date." The Due Date shall be the first to occur of (1) June 26, 2006, or (2) the first date that the Maker is no longer employed by the Holder (or a subsidiary of the Holder). On the Due Date, the accrued interest on this Note shall also be due and payable.

4. Application of Payments. All payments on this Note shall be applied first to the payment of accrued and unpaid interest, and then to the reduction of the Outstanding Principal Balance.

5. Prepayment Right. Maker shall have the right to prepay at any time, in whole or in part, the Outstanding Principal Balance of this Note, without premium or penalty.

6. Events of Default. Time is of the essence hereof. Upon the occurrence of any of the following events (the "Events of Default"):

(a) Failure of Maker to pay any portion of the Outstanding Principal Balance or any portion of the accrued interest thereon when due;

(b) Default by Maker in the performance of any other obligation of Maker under this Note;

(c) Debtor ceases to be employed by Holder or one of its subsidiaries; or

(d) Default by Maker in the performance of any obligation under that certain Option Exercise Agreement (the "Option Exercise Agreement") of even date herewith between Maker and Holder, under that certain Pledge Agreement of even date herewith between Maker and Holder, or under any other document delivered by Maker in connection with the Option Exercise Agreement;

then if Maker does not fully cure any Event of Default within five (5) days of the date written notice is given by Holder to Maker (at Maker's address set forth below his signature), payment of the entire Outstanding Principal Balance and accrued interest on this Note shall, at the option of Holder, be accelerated and shall be immediately due and payable without notice or demand. In such event, Holder shall have the right, in addition to all other rights and remedies hereunder or under any other document, to foreclose or to require foreclosure of any or all liens securing the payment hereof.

7. Default Rate. In the event that Maker fails to pay any portion of the Outstanding Principal Balance or any portion of the accrued interest thereon when due, the amount past due and unpaid shall bear interest at an annual rate (the "Default Rate") equal to the greater of: (i) the Interest Rate; or (ii) the lesser of (a) twelve percent (12%) per annum or (b) the rate established by the Federal Reserve Bank of San Francisco on advances to member banks under Sections 13 and 13(a) of the Federal Reserve Act in effect on the twenty-fifth (25th) day of the month immediately preceding the date of this Note plus five percent (5%) per annum or (c) the maximum rate that may be charged under applicable law; computed from the Due Date on which said amount was due and payable until paid. The charging or collecting of interest at the Default Rate shall not limit any

of Holder's other rights or remedies under this Note.

8. Governing Law. Maker, and each endorser and cosigner of this Note, acknowledges and agrees that this Note is made and is intended to be paid and performed in the State of Colorado and the provisions hereof will be construed in accordance with the laws of the State of Colorado and, to the extent that federal law may preempt the applicability of state laws, federal law. Maker, and each endorser and cosigner of this Note further agree that upon the occurrence of a default, this Note may be enforced in any court of competent jurisdiction in the State of Colorado, and they do hereby submit to the jurisdiction of such courts regardless of their residence.

9. Remedies Cumulative; Waiver. The remedies of Holder as provided herein shall be cumulative and concurrent, and may be pursued singularly, successively or together, in the sole discretion of Holder, and may be exercised as often as occasion therefor shall arise. No act of omission or commission of Holder, including specifically any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same; such waiver or release to be affected only through a written document executed by Holder and then only to the extent specifically recited therein. Without limiting the generality of the preceding sentence, acceptance by Holder of any payment with knowledge of the occurrence of a default by Maker shall not be deemed a waiver of such default, and acceptance by Holder of any payment in an amount less than the amount then due hereunder shall be an acceptance on account only and shall not in any way affect the existence of a default hereunder. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of, any subsequent right, remedy or recourse as to a subsequent event.

10. Purpose of Loan. Maker certifies that the loan evidenced by this Note is obtained for business or commercial purposes and that the proceeds thereof shall not be used for personal, family, household or agricultural purposes.

11. Miscellaneous Provisions.

(a) Maker, and each endorser and cosigner of this Note expressly grants to Holder the right to release or to agree not to sue any other person, or to suspend the right to enforce this Note against such other person or to otherwise discharge such person; and Maker, and each endorser and cosigner agrees that the exercise of such rights by Holder will have no effect on the liability of any other person, primarily or secondarily liable hereunder. Maker, and each endorser and cosigner of this Note waives, to the fullest extent permitted by law, demand for payment, presentment for payment, protest, notice of protest, notice of dishonor, notice of nonpayment, notice of acceleration of maturity, diligence in taking any action to collect sums owing hereunder, any duty or obligation of Holder to effect, protect, perfect, retain or enforce any security for the payment of this Note or to proceed against any collateral before otherwise enforcing this Note, and the right to plead as a defense to the payment hereof any statute of limitations.

(b) This Note shall be paid when due without deduction or setoff of any kind or nature whatsoever.

(c) Maker agrees to reimburse Holder for all costs, including, without limitation, reasonable attorneys' fees, incurred to collect this Note if this Note is not paid when due, including, but not limited to, attorneys' fees incurred in connection with any bankruptcy proceedings instituted by or against Maker (including relief from stay litigation).

(d) If any provision hereof is for any reason and to any extent, invalid or unenforceable, then neither the remainder of the document in which such provision is contained, nor the application of the provision to other persons, entities or circumstances shall be affected thereby, but instead shall be enforceable to the maximum extent permitted by law.

(e) This Note shall be a joint and several obligation of Maker, and of all endorsers and cosigners hereof and shall be binding upon them and their respective heirs, personal representatives, successors and assigns.

(f) Maker may modify this Note in any manner that does not materially and adversely affect Holder. Except as provided in the preceding sentence, this Note may not be modified or amended orally, but only by a modification or amendment in writing signed by Holder and Maker.

(g) Notwithstanding anything in the Option Exercise Agreement to the contrary, if any amount becomes due or payable from the Holder to the Maker under the Option Exercise Agreement (in connection with the Holder's repurchase of shares or otherwise), the Holder may, in its sole discretion and in lieu of making such payment to the Maker, treat such amount as a payment of the Maker against the interest and/or principal on this Note.

(h) When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural and the masculine shall include the feminine and neuter and vice versa. The word "person" as used herein shall include any individual, company, firm, association, partnership, corporation, trust or other legal entity of any kind whatsoever.

(i) The headings of the paragraphs and sections of this Note are for convenience of reference only, are not to be considered a part hereof and shall not limit to otherwise affect any of the terms hereof.

(j) In the event that at any time any payment received by Holder hereunder shall be deemed by final order of a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under the bankruptcy or insolvency laws of the United States, or shall otherwise be deemed to be due to any party other than Holder, then, in any such event, the obligation to make such payment shall survive any cancellation of this Note and/or return thereof to Maker and shall not be discharged or satisfied by any prior payment thereof and/or cancellation of this Note, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof, and the amount of such payment shall bear interest at the Default Rate from the date of such final order until repaid hereunder.

12. Security. This Note is secured by a pledge of certain personal property of Maker as described more fully in that certain Pledge Agreement executed by Maker and Holder concurrently herewith.

IN WITNESS WHEREOF, Maker has executed this Promissory Note as of the day and year first above written.

"MAKER"

/s/ James P. McCloskey

Signature

James P. McCloskey

Print Name

5235 South Logan Circle

Address

Greenwood Village, CO 80121

City, State, Zip Code

PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT ("Agreement") is made and entered into this 25th day of April, 2002, between RED ROBIN GOURMET BURGERS, INC., a Delaware corporation ("Secured Party"), and James P. McCloskey ("Debtor").

RECITALS

A. Concurrently herewith, Debtor has executed a certain Secured Promissory Note (the "Purchase Note") in the stated principal amount of Six Hundred Thousand Dollars ($600,000.00) in favor of Secured Party.

B. The indebtedness of Debtor to Secured Party under the Purchase Note is hereinafter referred to as the "Indebtedness."

C. It is the purpose and intent of the parties hereto to secure the payment by Debtor to Secured Party of the Indebtedness by a pledge of certain collateral, according to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and conditions set forth herein, the parties agree as follows:

1. Debtor hereby grants to Secured Party a security interest in and to 300,000 shares of the Common Stock, par value $0.001 per share, of Red Robin Gourmet Burgers, Inc. which are evidenced by Share Certificate No. [199, 200, 201, 202, 203] ("Collateral") and does hereby deliver to and deposit the

Collateral with the Board of Directors of Secured Party, together with a stock power duly executed in blank.

During the term hereof, and subject to the provisions of this Agreement, Secured Party shall hold and retain the Collateral for the purpose of perfecting the security interest herein granted to Secured Party, and for the purpose of carrying out the provisions of this Agreement.

2. The Collateral shall secure the payment of the Indebtedness.

3. Debtor warrants that Debtor is the sole lawful owner of the Collateral and that there is no lien or charge against, or encumbrance or security interest in, or adverse claim to, the Collateral, or any portion thereof, other than the security interest created pursuant to this Agreement and the Secured Party's rights pursuant to an Option Exercise Agreement of even date herewith between the Secured Party and Debtor. So long as there is any Indebtedness whatsoever owing to Secured Party, Debtor agrees to keep the Collateral free and dear of any and all liens, encumbrances, security interests (other than the security interest of Secured Party), adverse claims or interests.

4. Any and all cash dividends and cash distributions during the term of this Agreement which derive from the Collateral shall be retained by Secured Party and treated as a prepayment by Debtor against the Indebtedness. In the event that Secured Party cannot or does not (for any reason) retain such cash dividends or cash distributions, Debtor shall promptly remit

the amount of such dividends and distributions in cash to Secured Party to be treated as a prepayment by Debtor against the Indebtedness. As long as Debtor is not in default hereunder, Debtor shall retain all voting rights associated with the Collateral. After the occurrence of a default hereunder, Secured Party shall have all voting rights associated with the Collateral. Any securities or other property which are derived from the Collateral during the term of this Agreement (as a result of any non-cash dividend or other distribution of such securities or other property, conversion or exchange of or with respect to the Collateral) shall, regardless of whether Debtor is in default hereunder, be held by Secured Party as additional Collateral.

5. Debtor shall be in default under this Agreement upon the happening of any of the following events:

(a) Debtor fails to pay any portion of the Indebtedness when due, or commits a default under the Purchase Note, subject to any applicable grace or cure periods set forth therein.

(b) Debtor fails to perform any other agreement or covenant under this Agreement within any applicable notice and/or "grace" periods specified herein, provided that if no notice or grace period is herein specified, Debtor shall have ten (10) days after notice thereof has been given within which to cure any such default;

(c) All or any portion of the Collateral is seized or levied upon by writ of attachment, garnishment, execution or otherwise, and such seizure or levy is not released within thirty (30) days thereafter;

(d) Debtor executes a general assignment for the benefit of his creditors, convenes any meeting of his creditors, becomes insolvent, admits in writing his insolvency or inability to pay his debts, or is unable to pay or is generally not paying his debts as they become due;

(e) A receiver, trustee, custodian or agent is appointed to take possession of all or any portion of the Collateral or all or any substantial portion of Debtor's assets;

(f) Any case or proceeding is voluntarily commenced by Debtor under any provision of the federal Bankruptcy Code or any other federal or state law relating to debtor rehabilitation, insolvency, bankruptcy, liquidation or reorganization, or any such case or proceeding is involuntarily commenced against Debtor and not dismissed within thirty (30) days thereafter;

(g) Any representation made by Debtor in this Agreement shall have been untrue or incorrect in any material respect when made.

Upon such default, Secured Party may, at its option, declare all Indebtedness to be immediately due and payable. Additionally, Secured Party shall have the rights and remedies set forth in Paragraph 6 below.

6. Should Debtor default under this Agreement, Secured Party shall have all the rights and remedies afforded a secured party under Article 9 of the Uniform Commercial Code of Colorado and may, in connection therewith, also:

(a) Require Debtor to assemble the Collateral and make its possession available to Secured Party at a place designated by Secured Party that is reasonably convenient to both Debtor and Secured Party; or

(b) Sell, lease or otherwise dispose of the Collateral at public or private sale, in one or more sales, as a unit or in parcels, and at such time and place and on such terms as Secured Party may determine. Secured Party may be the purchaser of any or all of the Collateral at any public or private sale. If, at any time when Secured Party shall determine to exercise its right to sell all or any part of the Collateral and such Collateral, or the part thereof to be sold, it has been advised by legal counsel that the Collateral is subject to the Securities Act of 1933 as amended or any state securities laws, Secured Party in its sole and absolute discretion, is hereby expressly authorized to sell such Collateral, or any part thereof, subject to obtaining all required regulatory approvals, by private sale in such manner and under such circumstances as Secured Party may deem necessary or advisable in order that such sale may be effected legally without registration or qualification under applicable securities laws. Without limiting the generality of the foregoing, Secured Party, in its sole and absolute discretion, may approach and negotiate with a restricted number of potential purchasers to effect such sale or restrict such sale to a purchaser or purchaser who will represent and agree that such purchaser or purchasers are purchasing for his or their own account, for investment only, and not with a view to the distribution or sale of such Collateral or any part thereof. Any such sale shall be deemed to be a sale made in a commercially reasonable manner within the meaning of the Uniform Commercial Code of the State of Colorado and Debtor hereby consents and agrees that Secured Party shall incur no responsibility or liability for selling all or any part of the Collateral at a price which is not unreasonably low, notwithstanding the possibility that a higher price might be realized if the sale were public. Any public sale of any or all of the Collateral may be postponed from time to time by public announcement at the time and place last scheduled for the sale. Without limiting the generality of this Section 6, it shall conclusively be deemed to be commercially reasonable for Secured Party to direct any prospective purchaser of any or all of the Collateral to Debtor to ascertain all information concerning the status of Red Robin Gourmet Burgers, Inc. Secured Party's disposition of any or all of the Collateral in any manner which differs from the procedures specified in this Section 6 shall not be deemed to be commercially unreasonable; or

(c) Propose to accept the Collateral after giving notice of such proposal to Debtor and to any other person with a security interest in the Collateral as required by and in accordance with Sections 4-9-620 and 4-9-621 of the Uniform Commercial Code of Colorado, or any applicable successor statute. Such acceptance shall discharge the obligation of Debtor with respect to the Indebtedness in accordance with Section 4-9-622 of the Uniform Commercial Code of Colorado or any applicable successor statute, provided that neither Debtor nor any other person with a security interest in the Collateral objects in writing to such proposal within twenty (20) days after receipt of such notice.

The proceeds of any sale, lease or other disposition of the Collateral shall be applied in the manner and priority set forth in Section 4-9-615 of the Uniform Commercial Code of Colorado, or any applicable successor statute.

7. In the event that legal action is instituted by either party to enforce his or its rights under this Agreement or any obligation secured hereby, the prevailing party in such action shall be entitled to recover from the losing party his or its reasonable attorneys' fees as determined by the Court.

8. Debtor waives any right to require the Secured Party to:

(a) Proceed against any person;

(b) Proceed against or exhaust any Collateral; or

(c) Pursue any other remedy in Secured Party's power.

Debtor further authorizes the Secured Party, without notice or demand and without affecting its liability hereunder or on the Indebtedness, from time to time to:

(d) Amend or modify the terms of the Purchase Note (with Debtor's consent to the extent required by the Purchase Note), including, but not limited to, any such amendment or modification which affects the Indebtedness.

(e) Take and hold security, other than the Collateral herein described, for the payment of the Indebtedness or any part thereof, and exchange, enforce, waive, and release the Collateral herein described or any part thereof or any such other security.

(f) Apply such Collateral or other security and direct the order or manner of sale thereof as Secured Party in its discretion may determine.

9. (a) On the last business day of each fiscal quarter of Secured Party, Secured Party shall determine the value of the Collateral. The value of a share of any security means the daily closing price of such security on the NASDAQ National Market System (or other principal exchange on which shares of such security is listed or approved for trading) on such day or the most recent day on which such security traded if it did not trade on such last business day of the fiscal quarter. The daily closing price shall be the closing price, if reported, or, if the closing price is not reported, the average of the closing "bid" and "asked" prices as reported by NASDAQ (or other principal exchange). If the daily closing price per share of such security is determined during a period following the declaration of a dividend, distribution, recapitalization, reclassification or similar transaction, then the value shall be properly adjusted to take into account ex-dividend trading. In the event that a security is not traded on a national securities exchange, the Board of Directors of Secured Party shall determine the value of the security in good faith and such determination shall be final and conclusive on all parties.

(b) If the value of the Collateral shall be less than the outstanding principal and accrued interest under the Purchase Note, then Secured Party may require Debtor to repay so much of the accrued interest as may be required to cause the value of the Collateral to equal the

balance of the principal and accrued interest under the Purchase Note. If repaying some or all of the accrued interest does not reduce the amount remaining under the Purchase Note to the value of the Collateral, then Debtor shall also repay so much of the principal as may be necessary to cause the balance remaining under the Purchase Note to equal the value of the Collateral. Any amounts demanded by Secured Party pursuant to this Section 9 shall be due within 30 days following Debtor's receipt of Secured Party's written demand therefor.

10. Neither the acceptance of any partial or delinquent payment by Secured Party nor Secured Party's failure to exercise any of its rights or remedies on default by Debtor shall be a waiver of the default, a modification of this Agreement or Debtor's obligations under this Agreement, or a waiver of any subsequent default by Debtor.

11. All notices required or permitted to be given pursuant to this Agreement shall be in writing, and shall be delivered either personally, by overnight delivery service or by U.S. certified or registered mail, postage prepaid, return-receipt requested and addressed, if to the Secured Party to the attention of the Chairman of the Board of Directors of Secured Party, with a copy to the attention of the General Counsel, at its principal executive offices, or if to the Debtor to the Debtor's address as it appears below his signature hereto. The parties may change their addresses by giving notice of such change in accordance with this section. Notices sent by overnight delivery service shall be deemed received on the business day following the date of deposit with the delivery service. Mailed notices shall be deemed received upon the earlier of the date of delivery shown on the return-receipt, or the second business day after the date of mailing.

12. Time is hereby expressly declared to be of the essence of this Agreement.

13. This Agreement and each of its provisions shall be binding on the heirs, executors, administrators, successors, and assigns of each of the parties hereto. Nothing contained in this paragraph, however, shall be deemed a consent to the sale, assignment, or transfer of the Collateral by Debtor.

14. This Agreement is made and entered into and shall be interpreted in accordance with the laws of the State of Colorado. Any action concerning this Agreement shall be commenced in a court of competent jurisdiction in the State of Colorado.

15. Upon payment in full of the portion of the Indebtedness evidenced by the Purchase Note, this Agreement shall terminate and be of no further force or effect and Secured Party shall immediately deliver to Debtor the Collateral and the stock powers.

16. Secured Party shall not be responsible for any damage or loss to the Collateral, or any part thereof, arising from act of God, flood, fire, or any other cause beyond the reasonable control of Secured Party.

17. Secured Party shall not be liable to either party or to anyone else for actions taken (or omissions to act) which are within the scope of the authority of Secured Party under this Agreement, provided that such actions (or omissions to act) do not constitute bad faith, gross negligence or willful misconduct.

18. Secured Party shall not be responsible in any manner whatsoever for any failure or inability of any of the parties hereto, or of anyone else, to perform or comply with the provisions of this Agreement, nor for the genuineness or accuracy of any notice received by Secured Party from any of the parties hereto.

19. Upon the request of Secured Party, from time to time, Debtor agrees to execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, all such additional instruments, and agrees to perform any and all acts reasonably required to carry into effect the provisions and intent of this Agreement.

20. In the event that the Collateral consists of securities traded on the NASDAQ National Market System or other national securities exchange and Debtor would (but for the restrictions on the Collateral imposed by this Agreement) be able to sell all or a portion of such Collateral on such system or exchange in compliance with all applicable law and in compliance with all other agreements to which Debtor is a party or otherwise bound, then Debtor may petition Secured Party to release, and Secured Party shall release, such portion of the Collateral consisting of such publicly-traded shares as Debtor may request in writing; provided (1) that the released portion of the Collateral shall be delivered only to a nationally-recognized broker identified by and for the account of Debtor, (2) that Debtor shall have previously given irrevocable written instructions to such broker (with a copy to Secured Party) to promptly sell such portion of the Collateral upon receipt by broker and promptly deliver to Secured Party (to be treated by Secured Party as a partial prepayment of the Indebtedness) a portion of the gross proceeds from such sale (such portion not to be less than the amount of the then-outstanding Indebtedness multiplied by a fraction, the numerator of which is the number of shares to be sold and the denominator of which is the total number of shares of that class composing the Collateral before the release of such shares from the Collateral). Secured Party's obligation under the preceding sentence is subject to the further conditions precedent that (1) Debtor shall provide such written assurances and representations to Secured Party as Secured Party may reasonably request to ensure compliance with the conditions of the preceding sentence, and (2) Debtor furnishes to Secured Party an opinion of counsel reasonably acceptable to Secured Party that the contemplated sale of all or a specified portion of the Collateral (at the time and on the terms specified and otherwise consistent with this Section 20) will be in compliance with all applicable law and in compliance with all other agreements to which Debtor is a party or otherwise bound.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

"DEBTOR"

/s/ James P. McCloskey
- ----------
Signature

James P. McCloskey
- ----------
Print Name

5235 South Logan Circle
- ----------
Address

Greenwood Village, CO 80121
- ----------
City, State, Zip Code

"SECURED PARTY"

RED ROBIN GOURMET BURGERS, INC.
a Delaware corporation

By: /s/ Michael J. Snyder

Michael J. Snyder

Its: Chief Executive Officer & President

STOCK POWER*

For value received, James P. McCloskey (the Debtor identified in the related Pledge Agreement), hereby sells, assigns and transfers to _____, an aggregate _____ shares of Common Stock, par value $0.001 per share, of Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Corporation"), represented by stock certificate number(s) _____ to which this instrument is attached, and hereby irrevocably

constitutes and appoints the Secretary of the Corporation as his/her attorney in fact and agent to transfer such shares on the books of the Corporation with full power of substitution in the premises.

Dated: _____

/s/ James P. McCloskey

Signature

James P. McCloskey

Print Name

_____

* Instructions: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Corporation to exercise its repurchase right set forth in the related Option Exercise Agreement and/or its rights under the Pledge Agreement without requiring additional signatures from the Debtor.

IRREVOCABLE PROXY

SECTION 1 - PROXY

The undersigned, the owner of 300,000 shares of restricted Common Stock, par value $0.001 per share, of Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Corporation"), hereby appoints the Board of Directors of the Corporation to be proxy agent ("Proxy Agent") for the undersigned, with full power of substitution, with respect to all of such shares of Common Stock of the Corporation ("Proxy Shares").

The Proxy Agent is authorized to vote all of the Proxy Shares on any matter submitted to a vote of stockholders of the Corporation at any stockholders meeting held on or after the date of this Proxy and prior to the termination of this Proxy.

The Proxy Agent is further authorized to execute documents on behalf of the undersigned with respect to the Proxy Shares consenting to the taking of any action to be taken by the stockholders of the Corporation without a meeting and to exercise any and all other rights of a stockholder of the Corporation on or after the date of this Proxy and prior to the termination of this Proxy.

Notwithstanding anything herein to the contrary, this Proxy may only be exercised by Proxy Agent if the undersigned defaults (beyond any applicable notice and/or grace or cure period) under that certain Secured Promissory Note of even date herewith in the stated principal amount of Six Hundred Thousand Dollars ($600,000.00) (the "Purchase Note") executed by the undersigned in favor of the Corporation, under that certain Pledge Agreement of even date herewith executed by the Corporation and the undersigned, or under that certain Option Exercise Agreement of even date herewith executed by the Corporation and the undersigned.

SECTION 2 - OUTSTANDING PROXIES

This Proxy revokes all proxies previously given by the undersigned to vote any of the Proxy Shares to any other person or entity.

SECTION 3 - IRREVOCABILITY

This Proxy is coupled with an interest and is irrevocable.

SECTION 4 - TERMINATION

This Proxy shall terminate upon the payment in full of the Purchase Note.

SECTION 5 - LEGEND

The undersigned agrees to immediately place a legend on the share certificates evidencing the Proxy Shares which reflects the existence of this Proxy.

Dated: April 25, 2002

Signature: /s/ James P. McCloskey

Print Name: James P. McCloskey

STATE OF COLORADO)
) ss.
COUNTY OF ARAPAHOE)

On April 25, 2002, before me, Kyle L. WhiteJohnson, Notary Public, personally appeared James P. McCloskey, personally known to me/proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person executed the instrument.

WITNESS my hand and official seal.

/s/ Kyle L. WhiteJohnson

NOTARY PUBLIC

[SEAL]

EXHIBIT 10.34

RED ROBIN GOURMET BURGERS, INC.
2000 MANAGEMENT PERFORMANCE COMMON STOCK OPTION PLAN
OPTION EXERCISE AGREEMENT - EARLY EXERCISE

Name of Optionee: Michael J. Snyder

Date of Grant of Option: May 11, 2000

Exercise Price per Share: $2.00

Number of Shares Being Exercised: 1,500,000

The undersigned (the "Purchaser") hereby irrevocably elects to exercise his/her right, evidenced by that certain stock option agreement dated as of the Date of Grant of Option identified above (the "Option Agreement") under the Red Robin Gourmet Burgers, Inc. 2000 Management Performance Common Stock Option Plan (the "Plan"), as follows:

- the Purchaser hereby irrevocably elects to purchase a number of shares of Common Stock, par value $0.001 per share (the "Shares"), of Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Corporation"), equal to the Number of Shares Being Exercised set forth above, and

- such purchase shall be at a price per share equal to the Exercise Price per Share set forth above (subject to applicable withholding taxes).

1. Investment Representations. The Purchaser acknowledges that the sale of the Shares by the Purchaser is restricted by SEC Rule 701. The Purchaser hereby affirms as made as of the date hereof the representations in his or her Option Agreement and such representations are incorporated herein by this reference. The Purchaser represents that he/she has no need for liquidity in this investment, has the ability to bear the economic risk of this investment, and can afford a complete loss of the purchase price for the Shares. The Purchaser acknowledges receipt of the Corporation's condensed consolidated financial information.

The Purchaser also understands and acknowledges (a) that the certificates representing the Shares will be legended as provided for below, and (b) that the Corporation has no obligation to register the Shares or file any registration statement under federal or state securities laws.

The certificates representing the Shares will bear the following legends or substantially similar legends:

"OWNERSHIP OF THIS CERTIFICATE, THE SHARES EVIDENCED BY THIS CERTIFICATE AND ANY INTEREST THEREIN ARE SUBJECT TO SUBSTANTIAL RESTRICTIONS ON TRANSFER UNDER APPLICABLE LAW AND UNDER AGREEMENTS WITH THE CORPORATION, INCLUDING RESTRICTIONS ON SALE, ASSIGNMENT, TRANSFER, PLEDGE OR OTHER DISPOSITION."

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("ACT"), NOR HAVE THEY BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. NO TRANSFER OF SUCH SECURITIES WILL BE PERMITTED UNLESS A REGISTRATION STATEMENT UNDER THE ACT IS IN EFFECT AS TO SUCH TRANSFER, THE TRANSFER IS MADE IN ACCORDANCE WITH RULE 144 UNDER THE ACT, OR IN THE OPINION OF COUNSEL TO THE CORPORATION, REGISTRATION UNDER THE ACT IS UNNECESSARY IN ORDER FOR SUCH TRANSFER TO COMPLY WITH THE ACT AND WITH APPLICABLE STATE SECURITIES LAWS."

"THE SHARES ARE SUBJECT TO THE CORPORATION'S RIGHT TO REPURCHASE THEM UNDER AN AGREEMENT WITH THE CORPORATION, A COPY OF WHICH IS AVAILABLE FOR REVIEW AT THE OFFICE OF THE SECRETARY OF THE CORPORATION."

2. Vesting. The Shares are being acquired prior to the time that they have become vested in accordance with the terms of the Option Agreement. Accordingly, the Shares are subject to the Corporation's repurchase right set forth in Section 5 below and other restrictions set forth herein. The Shares shall vest, and the Corporation's repurchase right under Section 5 shall lapse, as of the date(s) that the Option would have otherwise become vested as to such Shares. The maximum number of Shares that may vest on any occasion or event shall not exceed the number of shares that would have otherwise vested on such date under the Option Agreement had the underlying stock option not been exercised prior to full vesting to acquire the Shares. No additional Shares

shall vest after the date that the Purchaser's employment by the Corporation terminates.

3. Delivery of Share Certificate. The Corporation shall issue a certificate or certificates for the Shares, registered in the name of the Purchaser, which certificate(s) shall upon redelivery thereof to the Corporation pursuant to the following provisions of this Section 3 be held by the Corporation until the restrictions on such Shares shall have lapsed and the Shares shall thereby have become vested or the Shares represented thereby are repurchased by the Corporation in accordance with Section 5.

Upon delivery to the Purchaser of the certificate(s) representing the Shares, the Purchaser shall redeliver such certificate(s) to the Corporation, together with a stock power or stock powers, in blank and in substantially the form attached hereto, with respect to such certificate(s), to be held by the Corporation pursuant to the terms hereof. The Purchaser hereby appoints the Corporation and each of its authorized representatives as the Purchaser's attorney(s)-in-fact to effect any transfer of the Shares that are repurchased by the Corporation in accordance with the terms hereof or related cash, property or rights (including Restricted Property, as such term is defined below) to the Corporation as may be required pursuant to this Exercise Agreement and to execute such documents as the Corporation or such representatives deem necessary or advisable in connection with any such transfer.

Promptly after the vesting of the Shares in accordance with Section 2 above, a certificate or certificates evidencing the number of shares of Common Stock as to which the restrictions

have lapsed or been released shall be delivered to the Purchaser or other person entitled under the terms hereof and of the Plan to receive the shares. The Shares so delivered shall no longer be subject to the Corporation's repurchase right under Section 5, but such shares shall continue to be subject to the other restrictions set forth herein, in the Option Agreement, and in the Plan. Vested Shares and any other amounts deliverable pursuant to the Shares shall be delivered and paid only to the Purchaser or the Purchaser's beneficiary or personal representative, as the case may be.

4. Dividend; Voting Rights. After the date of issuance of the Shares, the Purchaser shall be entitled to cash dividends and voting rights with respect to the Shares, but such rights shall terminate as to any Shares that are repurchased by the Corporation in accordance with Section 5. Any securities or other property receivable in respect of the Shares by the Purchaser as a result of any dividend or other distribution, conversion or exchange of or with respect to the Shares are, together, referred to as "Restricted Property." Upon a repurchase of any Shares by the Corporation in accordance with Section 5, the Restricted Property related to such repurchased Shares shall be automatically transferred to the Corporation, without any further action by the Purchaser (or the Purchaser's beneficiary or personal representative, as the case may be) or additional consideration from the Corporation. The Corporation may take any other action necessary or advisable to evidence such transfer. The Purchaser, or the Purchaser's beneficiary or personal representative, as the case may be, shall deliver any additional documents of transfer that the Corporation may request to confirm the transfer of such Restricted Property to the Corporation.

5. Corporation's Repurchase Right. Subject to the terms and conditions of this Section 5, the Corporation shall have the right (the "Repurchase Right") (but not the obligation) to repurchase in one or more transactions in connection with the termination of the Purchaser's employment with the Corporation, and the Purchaser (or any permitted transferee) shall be obligated to sell any of the Shares that have not, as of the date of such termination of employment, become vested.

To exercise the Repurchase Right, the Corporation must give written notice thereof to the Purchaser (the "Repurchase Notice"). The Repurchase Notice is irrevocable by the Corporation and must (a) be in writing and signed by an authorized officer of the Corporation, (b) set forth the Corporation's intent to exercise the Repurchase Right and contain the total number of Shares to be sold to the Corporation pursuant to the exercise of the Repurchase Right, (c) be mailed or delivered to the Purchaser at the Purchaser's address reflected or last reflected on the Corporation's payroll records or delivered to the Purchaser in person, and (d) be so mailed or delivered no later than the ninetieth (90/th/) day following the date that the Purchaser's employment by the Corporation terminates. If mailed, the Repurchase Notice shall be enclosed in a properly sealed envelope, addressed as aforesaid, and deposited (postage prepaid) in a post office or branch post office regularly maintained by the United States Government. The Repurchase Notice shall be deemed to have been duly given as of the date mailed or delivered in accordance with the foregoing provisions.

The price per Share to be paid by the Corporation upon settlement of the Corporation's Repurchase Right (the "Repurchase Price") shall equal the lesser of (a) the price paid by the Purchaser to exercise the stock option and acquire

such Share, or (b) the fair market value of a

Share as reasonably determined by the Corporation's Board of Directors as of the date of the Repurchase Notice. No interest shall be paid with respect to and no other adjustments (other than adjustments to reflect stock splits and similar changes in capitalization) shall be made to the Repurchase Price. The closing of any repurchase under this Section 5 shall be at a date to be specified by the Corporation, such date to be no later than 90 days after the date that the Purchaser's employment by the Corporation terminates. The Repurchase Price shall be paid at the closing in the form of a check in the amount of the Repurchase Price, by cancellation of money purchase indebtedness in like amount or by a combination of check and debt cancellation, as the Corporation may determine in its discretion.

Upon a repurchase of any Shares by the Corporation, such repurchased Shares shall be automatically transferred to the Corporation, without any further action by the Purchaser (or the Purchaser's beneficiary or personal representative, as the case may be). The Corporation may exercise its powers under this Exercise Agreement (including, without limitation, its powers under Section 3) and take any other action necessary or advisable to evidence such transfer. The Purchaser, or the Purchaser's beneficiary or personal representative, as the case may be, shall deliver any additional documents of transfer that the Corporation may request to confirm the transfer of such repurchased Shares to the Corporation.

If the Purchaser (or any permitted transferee who is an employee of the Company) ceases to be an employee of the Company and holds Shares as to which the Corporation's Repurchase Right has been exercised, the Purchaser shall be entitled to the value of such Shares in accordance with the foregoing provisions of this Section 5, but (unless otherwise required by law) shall no longer be entitled to participation in the Corporation or other rights as a shareholder with respect to the Shares subject to the repurchase. To the maximum extent permitted by law, the Purchaser's rights following the exercise of the Repurchase Right shall, with respect to the repurchase and the Shares covered thereby, be solely the rights that he or she has as a general creditor of the Corporation to receive payment of the amount specified above in this Section 5.

The Repurchase Right is in addition to, and not in lieu of, any right that the Corporation may have under the Option Agreement or the Plan. Notwithstanding anything to the contrary, the Corporation may assign any or all of its rights under this Section 5 to one or more stockholders of the Corporation.

6. Limitation on Disposition and Other Restrictions. The Shares and any Restricted Property in respect of the Shares may not be sold, assigned, transferred, pledged or otherwise disposed of, alienated or encumbered, either voluntarily or involuntarily, other than to the Corporation, until the time that the Shares (and related Restricted Property) become vested in accordance with Section 2.

7. Plan and Option Agreement. The Purchaser acknowledges receipt of a copy of all documents referenced herein and acknowledges reading and understanding these documents and having an opportunity to ask any questions that he/she may have had about them.

The Company has made and makes no representation regarding the advisability of, or regarding the tax, financial and other consequences of, an election to purchase the Shares prior to the time(s) that they have become vested under the Option Agreement. The Purchaser has

and will rely upon the advice of his/her own legal counsel, tax advisors, and/or investment advisors with respect to (1) this purchase and (2) the advisability of and procedures for making an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, with respect to this purchase and the risks, potential benefits, and consequences of such an election. The Purchaser is not relying on any representations or statements made by the Company or any of its agents. The Purchaser acknowledges that, under applicable law, if he or she decides to make an election under Section 83(b) of the Code with respect to this purchase, such election must be made within 30 days of the date of this purchase.

"PURCHASER"	ACCEPTED BY:
	RED ROBIN GOURMET BURGERS, Inc.
/s/ Michael J. Snyder	
- ----------	
Signature	By: /s/ James P. McCloskey

	James P. McCloskey
Michael J. Snyder	Its: Chief Financial Officer & Secretary
- ----------	----------

Print Name

April 25, 2002
- ---------------------------------
Date

SECURED PROMISSORY NOTE

$3,000,000.00 April 25, 2002
Greenwood Village, CO

FOR VALUE RECEIVED, the undersigned Michael J. Snyder ("Maker"), promises to pay to the order of RED ROBIN GOURMET BURGERS, INC., a Delaware corporation ("Holder"), which term shall include any subsequent holder of this Note, at 5575 DTC Parkway, Suite 110, Greenwood Village, Colorado 80111 (or at such other place as Holder shall designate in writing) in lawful money of the United States of America, the principal sum of Three Million Dollars ($3,000,000.00), with interest thereon commencing as of the date first written above at the rate (the "Interest Rate") described below.

1. Interest Rate. The Interest Rate shall be equal to 100% of the long-term Applicable Federal Rate, for annual compounding, announced by the Internal Revenue Service and in effect on the date first set forth above. The parties agree that such rate is 4.65% for purposes of this Note. Interest shall be compounded annually.

2. Outstanding Principal Balance. All references to the "Outstanding Principal Balance" shall mean the sum of Three Million Dollars ($3,000,000.00), less any principal repaid.

3. Payments. The principal balance of Three Million Dollars ($3,000,000.00) shall be due and payable in full on the "Due Date." The Due Date shall be the first to occur of (1) December 31, 2009 or (2) the first date that the Maker is no longer employed by the Holder (or a subsidiary of the Holder). On the Due Date, the accrued interest on this Note shall also be due and payable.

4. Application of Payments. All payments on this Note shall be applied first to the payment of accrued and unpaid interest, and then to the reduction of the Outstanding Principal Balance.

5. Prepayment Right. Maker shall have the right to prepay at any time, in whole or in part, the Outstanding Principal Balance of this Note, without premium or penalty.

6. Events of Default. Time is of the essence hereof. Upon the occurrence of any of the following events (the "Events of Default"):

(a) Failure of Maker to pay any portion of the Outstanding Principal Balance or any portion of the accrued interest thereon when due;

(b) Default by Maker in the performance of any other obligation of Maker under this Note; or

(c) Default by Maker in the performance of any obligation under that certain Option Exercise Agreement (the "Option Exercise Agreement") of even date herewith between Maker and Holder, under that certain Pledge Agreement of even date herewith between Maker

and Holder, or under any other document delivered by Maker in connection with the Option Exercise Agreement;

then if Maker does not fully cure any Event of Default within five (5) days of the date written notice is given by Holder to Maker (at Maker's address set forth below his signature), payment of the entire Outstanding Principal Balance and accrued interest on this Note shall, at the option of Holder, be accelerated and shall be immediately due and payable without notice or demand. In such event, Holder shall have the right, in addition to all other rights and remedies hereunder or under any other document, to foreclose or to require foreclosure of any or all liens securing the payment hereof.

7. Default Rate. In the event that Maker fails to pay any portion of the Outstanding Principal Balance or any portion of the accrued interest thereon when due, the amount past due and unpaid shall bear interest at an annual rate (the "Default Rate") equal to the greater of: (i) the Interest Rate; or (ii) the lesser of (a) twelve percent (12%) per annum or (b) the rate established by the Federal Reserve Bank of San Francisco on advances to member banks under Sections 13 and 13(a) of the Federal Reserve Act in effect on the twenty-fifth (25th) day

of the month immediately preceding the date of this Note plus five percent (5%) per annum or (c) the maximum rate that may be charged under applicable law; computed from the Due Date on which said amount was due and payable until paid. The charging or collecting of interest at the Default Rate shall not limit any of Holder's other rights or remedies under this Note.

8. Governing Law. Maker, and each endorser and cosigner of this Note, acknowledges and agrees that this Note is made and is intended to be paid and performed in the State of Colorado and the provisions hereof will be construed in accordance with the laws of the State of Colorado and, to the extent that federal law may preempt the applicability of state laws, federal law. Maker, and each endorser and cosigner of this Note further agree that upon the occurrence of a default, this Note may be enforced in any court of competent jurisdiction in the State of Colorado, and they do hereby submit to the jurisdiction of such courts regardless of their residence.

9. Remedies Cumulative; Waiver. The remedies of Holder as provided herein shall be cumulative and concurrent, and may be pursued singularly, successively or together, in the sole discretion of Holder, and may be exercised as often as occasion therefor shall arise. No act of omission or commission of Holder, including specifically any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same; such waiver or release to be affected only through a written document executed by Holder and then only to the extent specifically recited therein. Without limiting the generality of the preceding sentence, acceptance by Holder of any payment with knowledge of the occurrence of a default by Maker shall not be deemed a waiver of such default, and acceptance by Holder of any payment in an amount less than the amount then due hereunder shall be an acceptance on account only and shall not in any way affect the existence of a default hereunder. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of, any subsequent right, remedy or recourse as to a subsequent event.

10. Purpose of Loan. Maker certifies that the loan evidenced by this Note is obtained for business or commercial purposes and that the proceeds thereof shall not be used for personal, family, household or agricultural purposes.

11. Miscellaneous Provisions.

(a) Maker, and each endorser and cosigner of this Note expressly grants to Holder the right to release or to agree not to sue any other person, or to suspend the right to enforce this Note against such other person or to otherwise discharge such person; and Maker, and each endorser and cosigner agrees that the exercise of such rights by Holder will have no effect on the liability of any other person, primarily or secondarily liable hereunder. Maker, and each endorser and cosigner of this Note waives, to the fullest extent permitted by law, demand for payment, presentment for payment, protest, notice of protest, notice of dishonor, notice of nonpayment, notice of acceleration of maturity, diligence in taking any action to collect sums owing hereunder, any duty or obligation of Holder to effect, protect, perfect, retain or enforce any security for the payment of this Note or to proceed against any collateral before otherwise enforcing this Note, and the right to plead as a defense to the payment hereof any statute of limitations.

(b) This Note shall be paid when due without deduction or setoff of any kind or nature whatsoever.

(c) Maker agrees to reimburse Holder for all costs, including, without limitation, reasonable attorneys' fees, incurred to collect this Note if this Note is not paid when due, including, but not limited to, attorneys' fees incurred in connection with any bankruptcy proceedings instituted by or against Maker (including relief from stay litigation).

(d) If any provision hereof is for any reason and to any extent, invalid or unenforceable, then neither the remainder of the document in which such provision is contained, nor the application of the provision to other persons, entities or circumstances shall be affected thereby, but instead shall be enforceable to the maximum extent permitted by law.

(e) This Note shall be a joint and several obligation of Maker, and of all endorsers and cosigners hereof and shall be binding upon them and their respective heirs, personal representatives, successors and assigns.

(f) Maker may modify this Note in any manner that does not materially and adversely affect Holder. Except as provided in the preceding sentence, this Note may not be modified or amended orally, but only by a modification or amendment in writing signed by Holder and Maker.

(g) Notwithstanding anything in the Option Exercise Agreement to the contrary, if any amount becomes due or payable from the Holder to the Maker under the Option Exercise Agreement (in connection with the Holder's repurchase of shares or otherwise), the Holder may, in its sole discretion and in lieu of

making such payment to the Maker, treat such amount as a payment of the Maker against the interest and/or principal on this Note.

(h) When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural and the masculine shall include the feminine and neuter and vice versa. The word "person" as used herein shall include any individual, company, firm, association, partnership, corporation, trust or other legal entity of any kind whatsoever.

(i) The headings of the paragraphs and sections of this Note are for convenience of reference only, are not to be considered a part hereof and shall not limit to otherwise affect any of the terms hereof.

(j) In the event that at any time any payment received by Holder hereunder shall be deemed by final order of a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under the bankruptcy or insolvency laws of the United States, or shall otherwise be deemed to be due to any party other than Holder, then, in any such event, the obligation to make such payment shall survive any cancellation of this Note and/or return thereof to Maker and shall not be discharged or satisfied by any prior payment thereof and/or cancellation of this Note, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof, and the amount of such payment shall bear interest at the Default Rate from the date of such final order until repaid hereunder.

12. Security. This Note is secured by a pledge of certain personal property of Maker as described more fully in that certain Pledge Agreement executed by Maker and Holder concurrently herewith.

IN WITNESS WHEREOF, Maker has executed this Promissory Note as of the day and year first above written.

"MAKER"

/s/ Michael J. Snyder

Signature

Michael J. Snyder

Print Name

142 Capulin Place

Address

Castle Rock, CO 80104

City, State, Zip Code

PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT ("Agreement") is made and entered into this 25 day of April, 2002, between RED ROBIN GOURMET BURGERS, INC., a Delaware corporation ("Secured Party"), and Michael J. Snyder ("Debtor").

RECITALS

A. Concurrently herewith, Debtor has executed a certain Secured Promissory Note (the "Purchase Note") in the stated principal amount of Three Million Dollars ($3,000,000.00) in favor of Secured Party.

B. The indebtedness of Debtor to Secured Party under the Purchase Note is hereinafter referred to as the "Indebtedness."

C. It is the purpose and intent of the parties hereto to secure the payment by Debtor to Secured Party of the Indebtedness by a pledge of certain collateral, according to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and conditions set forth herein, the parties agree as follows:

1. Debtor hereby grants to Secured Party a security interest in and to 1,500,000 shares of the Common Stock, par value $0.001 per share, of Red Robin Gourmet Burgers, Inc. which are evidenced by Share Certificate No. [216 and 217] ("Collateral") and does hereby deliver to and deposit the Collateral with the Board of Directors of Secured Party, together with a stock power duly executed in blank.

During the term hereof, and subject to the provisions of this Agreement, Secured Party shall hold and retain the Collateral, for the purpose of perfecting the security interest herein granted to Secured Party, and for the purpose of carrying out the provisions of this Agreement.

2. The Collateral shall secure the payment of the Indebtedness.

3. Debtor warrants that Debtor is the sole lawful owner of the Collateral and that there is no lien or charge against, or encumbrance or security interest in, or adverse claim to, the Collateral, or any portion thereof, other than the security interest created pursuant to this Agreement and the Secured Party's rights pursuant to an Option Exercise Agreement of even date herewith between the Secured Party and Debtor. So long as there is any Indebtedness whatsoever owing to Secured Party, Debtor agrees to keep the Collateral free and dear of any and all liens, encumbrances, security interests (other than the security interest of Secured Party), adverse claims or interests.

4. Any and all cash dividends and cash distributions during the term of this Agreement which derive from the Collateral shall be retained by Secured Party and treated as a prepayment by Debtor against the Indebtedness. In the event that Secured Party cannot or does not (for any reason) retain such cash dividends or cash distributions, Debtor shall promptly remit

the amount of such dividends and distributions in cash to Secured Party to be treated as a prepayment by Debtor against the Indebtedness. As long as Debtor is not in default hereunder, Debtor shall retain all voting rights associated with the Collateral. After the occurrence of a default hereunder, Secured Party shall have all voting rights associated with the Collateral. Any securities or other property which are derived from Collateral during the term of this Agreement which (as a result of any non-cash dividend or other distribution of such securities or other property, conversion or exchange of or with respect to the Collateral) shall, regardless of whether Debtor is in default hereunder, be held by Secured Party as additional Collateral.

5. Debtor shall be in default under this Agreement upon the happening of any of the following events:

(a) Debtor fails to pay any portion of the Indebtedness when due, or commits a default under the Purchase Note, subject to any applicable grace or cure periods set forth therein.

(b) Debtor fails to perform any other agreement or covenant under this Agreement within any applicable notice and/or "grace" periods specified herein, provided that if no notice or grace period is herein specified, Debtor shall have ten (10) days after notice thereof has been given within which to cure any such default;

(c) All or any portion of the Collateral is seized or levied upon by writ of attachment, garnishment, execution or otherwise, and such seizure or levy is not released within thirty (30) days thereafter;

(d) Debtor executes a general assignment for the benefit of his creditors, convenes any meeting of his creditors, becomes insolvent, admits in writing his insolvency or inability to pay his debts, or is unable to pay or is generally not paying his debts as they become due;

(e) A receiver, trustee, custodian or agent is appointed to take possession of all or any portion of the Collateral or all or any substantial portion of Debtor's assets;

(f) Any case or proceeding is voluntarily commenced by Debtor under any provision of the federal Bankruptcy Code or any other federal or state law relating to debtor rehabilitation, insolvency, bankruptcy, liquidation or reorganization, or any such case or proceeding is involuntarily commenced against Debtor and not dismissed within thirty (30) days thereafter;

(g) Any representation made by Debtor in this Agreement shall have been untrue or incorrect in any material respect when made.

Upon such default, Secured Party may, at its option, declare all Indebtedness to be immediately due and payable. Additionally, Secured Party shall have the rights and remedies set forth in Paragraph 6 below.

6. Should Debtor default under this Agreement, Secured Party shall have all the rights and remedies afforded a secured party under Article 9 of the Uniform Commercial Code of Colorado and may, in connection therewith, also:

(a) Require Debtor to assemble the Collateral and make its possession available to Secured Party at a place designated by Secured Party that is reasonably convenient to both Debtor, and Secured Party; or

(b) Sell, lease or otherwise dispose of the Collateral at public or private sale, in one or more sales, as a unit or in parcels, and at such time and place and on such terms as Secured Party may determine. Secured Party may be the purchaser of any or all of the Collateral at any public or private sale. If, at any time when Secured Party shall determine to exercise its right to sell all or any part of the Collateral and such Collateral, or the part thereof to be sold, it has been advised by legal counsel that the Collateral is subject to the Securities Act of 1933 as amended or any state securities laws, Secured Party in its sole and absolute discretion, is hereby expressly authorized to sell such Collateral, or any part thereof, subject to obtaining all required regulatory approvals, by private sale in such manner and under such circumstances as Secured Party may deem necessary or advisable in order that such sale may be effected legally without registration or qualification under applicable securities laws. Without limiting the generality of the foregoing, Secured Party, in its sole and absolute discretion, may approach and negotiate with a restricted number of potential purchasers to effect such sale or restrict such sale to a purchaser or purchaser who will represent and agree that such purchaser or purchasers are purchasing for his or their own account, for investment only, and not with a view to the distribution or sale of such Collateral or any part thereof. Any such sale shall be deemed to be a sale made in a commercially reasonable manner within the meaning of the Uniform Commercial Code of the State of Colorado and Debtor hereby consents and agrees that Secured Party shall incur no responsibility or liability for selling all or any part of the Collateral at a price which is not unreasonably low, notwithstanding the possibility that a higher price might be realized if the sale were public. Any public sale of any or all of the Collateral may be postponed from time to time by public announcement at the time and place last scheduled for the sale. Without limiting the generality of this Section 6, it shall conclusively be deemed to be commercially reasonable for Secured Party to direct any prospective purchaser of any or all of the Collateral to Debtor to ascertain all information concerning the status of Red Robin Gourmet Burgers, Inc. Secured Party's disposition of any or all of the Collateral in any manner which differs from the procedures specified in this Section 6 shall not be deemed to be commercially unreasonable; or

(c) Propose to accept the Collateral after giving notice of such proposal to Debtor and to any other person with a security interest in the Collateral as required by and in accordance with Sections 4-9-620 and 4-9-621 of the Uniform Commercial Code of Colorado, or any applicable successor statute. Such acceptance shall discharge the obligation of Debtor with respect to the Indebtedness in accordance with Section 4-9-622 of the Uniform Commercial Code of Colorado, or any applicable successor statute, provided that neither Debtor nor any other person with a security interest in the Collateral objects in writing to such proposal within twenty (20) days after receipt of such notice.

The proceeds of any sale, lease or other disposition of the Collateral shall be applied in the manner and priority set forth in Section 4-9-615 of the Uniform Commercial Code of Colorado, or any applicable successor statute.

7. In the event that legal action is instituted by either party to enforce his or its rights under this Agreement or any obligation secured hereby, the prevailing party in such action shall be entitled to recover from the losing party his or its reasonable attorneys' fees as determined by the Court.

8. Debtor waives any right to require the Secured Party to:

(a) Proceed against any person;

(b) Proceed against or exhaust any Collateral; or

(c) Pursue any other remedy in Secured Party's power.

Debtor further authorizes the Secured Party, without notice or demand and without affecting its liability hereunder or on the Indebtedness, from time to time to:

(d) Amend or modify the terms of the Purchase Note (with Debtor's consent to the extent required by the Purchase Note), including, but not limited to, any such amendment or modification which affects the Indebtedness.

(e) Take and hold security, other than the Collateral herein

described, for the payment of the Indebtedness or any part thereof, and exchange, enforce, waive, and release the Collateral herein described or any part thereof or any such other security.

(f) Apply such Collateral or other security and direct the order or manner of sale thereof as Secured Party in its discretion may determine.

9. (a) On the last business day of each fiscal quarter of Secured Party, Secured Party shall determine the value of the Collateral. The value of a share of any security means the daily closing price of such security on the NASDAQ National Market System (or other principal exchange on which shares of such security is listed or approved for trading) on such day or the most recent day on which such security traded if it did not trade on such last business day of the fiscal quarter. The daily closing price shall be the closing price, if reported, or, if the closing price is not reported, the average of the closing "bid" and "asked" prices as reported by NASDAQ (or other principal exchange). If the daily closing price per share of such security is determined during a period following the declaration of a dividend, distribution, recapitalization, reclassification or similar transaction, then the value shall be properly adjusted to take into account ex-dividend trading. In the event that a security is not traded on a national securities exchange, the Board of Directors of Secured Party shall determine the value of the security in good faith and such determination shall be final and conclusive on all parties.

(b) If the value of the Collateral shall be less than the outstanding principal and accrued interest under the Purchase Note, then Secured Party may require Debtor to repay so much of the accrued interest as may be required to cause the value of the Collateral to equal the

balance of the principal and accrued interest under the Purchase Note. If repaying some or all of the accrued interest does not reduce the amount remaining under the Purchase Note to the value of the Collateral, then Debtor shall also repay so much of the principal as may be necessary to cause the balance remaining under the Purchase Note to equal the value of the Collateral. Any amounts demanded by Secured Party pursuant to this Section 9 shall be due within 30 days following Debtor's receipt of Secured Party's written demand therefor.

10. Neither the acceptance of any partial or delinquent payment by Secured Party nor Secured Party's failure to exercise any of its rights or remedies on default by Debtor shall be a waiver of the default, a modification of this Agreement or Debtor's obligations under this Agreement, or a waiver of any subsequent default by Debtor.

11. All notices required or permitted to be given pursuant to this Agreement shall be in writing, and shall be delivered either personally, by overnight delivery service or by U.S. certified or registered mail, postage prepaid, return-receipt requested and addressed, if to the Secured Party to the attention of the Chairman of the Board of Directors of Secured Party, with a copy to the attention of the General Counsel at its principal executive offices, or if to the Debtor to the Debtor's address as it appears below his signature hereto. The parties may change their addresses by giving notice of such change in accordance with this section. Notices sent by overnight delivery service shall be deemed received on the business day following the date of deposit with the delivery service. Mailed notices shall be deemed received upon the earlier of the date of delivery shown on the return-receipt, or the second business day after the date of mailing.

12. Time is hereby expressly declared to be of the essence of this Agreement.

13. This Agreement and each of its provisions shall be binding on the heirs, executors, administrators, successors, and assigns of each of the parties hereto. Nothing contained in this paragraph, however, shall be deemed a consent to the sale, assignment, or transfer of the Collateral by Debtor.

14. This Agreement is made and entered into and shall be interpreted in accordance with the laws of the State of Colorado. Any action concerning this Agreement shall be commenced in a court of competent jurisdiction in Denver County, State of Colorado.

15. Upon payment in full of the portion of the Indebtedness evidenced by the Purchase Note, this Agreement shall terminate and be of no further force or effect and Secured Party shall immediately deliver to Debtor the Collateral and the stock powers.

16. Secured Party shall not be responsible for any damage or loss to the Collateral, or any part thereof, arising from act of God, flood, fire, or any other cause beyond the reasonable control of Secured Party.

17. Secured Party shall not be liable to either party or to anyone else for actions taken (or omissions to act) which are within the scope of the

authority of Secured Party under this Agreement, provided that such actions (or omissions to act) do not constitute bad faith, gross negligence or willful misconduct.

18. Secured Party shall not be responsible in any manner whatsoever for any failure or inability of any of the parties hereto, or of anyone else, to perform or comply with the provisions of this Agreement, nor for the genuineness or accuracy of any notice received by Secured Party from any of the parties hereto.

19. Upon the request of Secured Party, from time to time, Debtor agrees to execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, all such additional instruments, and agrees to perform any and all acts reasonably required to carry into effect the provisions and intent of this Agreement.

20. In the event that the Collateral consists of securities traded on the NASDAQ National Market System or other national securities exchange and Debtor would (but for the restrictions on the Collateral imposed by this Agreement) be able to sell all or a portion of such Collateral on such system or exchange in compliance with all applicable law and in compliance with all other agreements to which Debtor is a party or otherwise bound, then Debtor may petition Secured Party to release, and Secured Party shall release, such portion of the Collateral consisting of such publicly-traded shares as Debtor may request in writing; provided (1) that the released portion of the Collateral shall be delivered only to a nationally-recognized broker identified by and for the account of Debtor, (2) that Debtor shall have previously given irrevocable written instructions to such broker (with a copy to Secured Party) to promptly sell such portion of the Collateral upon receipt by broker and promptly deliver to Secured Party (to be treated by Secured Party as a partial prepayment of the Indebtedness) a portion of the gross proceeds from such sale (such portion not to be less than the amount of the then-outstanding Indebtedness multiplied by a fraction, the numerator of which is the number of shares to be sold and the denominator of which is the total number of shares of that class composing the Collateral before the release of such shares from the Collateral). Secured Party's obligation under the preceding sentence is subject to the further conditions precedent that (1) Debtor shall provide such written assurances and representations to Secured Party as Secured Party may reasonably request to ensure compliance with the conditions of the preceding sentence, and (2) Debtor furnishes to Secured Party an opinion of counsel reasonably acceptable to Secured Party that the contemplated sale of all or a specified portion of the Collateral (at the time and on the terms specified and otherwise consistent with this Section 20) will be in compliance with all applicable law and in compliance with all other agreements to which Debtor is a party or otherwise bound.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

"DEBTOR"	"SECURED PARTY"
	RED ROBIN GOURMET BURGERS, INC. a Delaware corporation
/s/ Michael J. Snyder - ---------- Signature	
Michael J. Snyder - ---------- Print Name	By: /s/ James P. McCloskey ---------- James P. McCloskey
142 Capulin Place - ---------- Address	Its: Chief Financial Officer & Secretary ----------
Castle Rock, CO 80104 - ---------- City, State, Zip Code	

STOCK POWER*

For value received, Michael J. Snyder (the Debtor identified in the

related Pledge Agreement), hereby sells, assigns and transfers to _____, an aggregate _____ shares of Common Stock, par value $0.001 per share, of Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Corporation"), represented by stock certificate number(s) _____ to which this instrument is attached, and hereby irrevocably constitutes and appoints the Secretary of the Corporation as his/her attorney in fact and agent to transfer such shares on the books of the Corporation with full power of substitution in the premises.

Dated: _____

/s/ Michael J. Snyder

Signature

Michael J. Snyder

Print Name

_____

* Instructions: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Corporation to exercise its repurchase right set forth in the related Option Exercise Agreement and/or its rights under the Pledge Agreement without requiring additional signatures from the Debtor.

IRREVOCABLE PROXY

SECTION 1 - PROXY

The undersigned, the owner of 1,500,000 shares of restricted Common Stock, par value $0.001 per share, of Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Corporation"), hereby appoints the Board of Directors of the Corporation to be proxy agent ("Proxy Agent") for the undersigned, with full power of substitution, with respect to all of such shares of Common Stock of the Corporation ("Proxy Shares").

The Proxy Agent is authorized to vote all of the Proxy Shares on any matter submitted to a vote of stockholders of the Corporation at any stockholders meeting held on or after the date of this Proxy and prior to the termination of this Proxy.

The Proxy Agent is further authorized to execute documents on behalf of the undersigned with respect to the Proxy Shares consenting to the taking of any action to be taken by the stockholders of the Corporation without a meeting and to exercise any and all other rights of a stockholder of the Corporation on or after the date of this Proxy and prior to the termination of this Proxy.

Notwithstanding anything herein to the contrary, this Proxy may only be exercised by Proxy Agent if the undersigned defaults (beyond any applicable notice and/or grace or cure period) under that certain Secured Promissory Note of even date herewith in the stated principal amount of Three Million Dollars ($3,000,000) (the "Purchase Note") executed by the undersigned in favor of the Corporation, under that certain Pledge Agreement of even date herewith executed by the Corporation and the undersigned, or under that certain Option Exercise Agreement of even date herewith executed by the Corporation and the undersigned.

SECTION 2 - OUTSTANDING PROXIES

This Proxy revokes all proxies previously given by the undersigned to vote any of the Proxy Shares to any other person or entity.

SECTION 3 - IRREVOCABILITY

This Proxy is coupled with an interest and is irrevocable.

SECTION 4 - TERMINATION

This Proxy shall terminate upon the payment in full of the Purchase Note.

SECTION 5 - LEGEND

The undersigned agrees to immediately place a legend on the share certificates evidencing the Proxy Shares which reflects the existence of this Proxy.

Dated: April 25, 2002

Signature: /s/ Michael J. Snyder

Print Name: Michael J. Snyder

STATE OF COLORADO)
) ss.
COUNTY OF ARAPAHOE)

On April 25, 2002, before me, Kyle L. WhiteJohnson, Notary Public, personally appeared Michael J. Snyder, personally known to me/proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person executed the instrument.

WITNESS my hand and official seal.

/s/ Kyle L. WhiteJohnson

NOTARY PUBLIC

[SEAL]

EXHIBIT 10.35

RED ROBIN GOURMET BURGERS, INC.
2000 MANAGEMENT PERFORMANCE COMMON STOCK OPTION PLAN
OPTION EXERCISE AGREEMENT - EARLY EXERCISE

Name of Optionee:	Michael E. Woods
Date of Grant of Option:	May 11, 2000
Exercise Price per Share:	$2.00
Number of Shares Being Exercised:	300,000

The undersigned (the "Purchaser") hereby irrevocably elects to exercise his/her right, evidenced by that certain stock option agreement dated as of the Date of Grant of Option identified above (the "Option Agreement") under the Red Robin Gourmet Burgers, Inc. 2000 Management Performance Common Stock Option Plan (the "Plan"), as follows:

- the Purchaser hereby irrevocably elects to purchase a number of shares of Common Stock, par value $0.001 per share (the "Shares"), of Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Corporation"), equal to the Number of Shares Being Exercised set forth above, and

- such purchase shall be at a price per share equal to the Exercise Price per Share set forth above (subject to applicable withholding taxes).

1. Investment Representations. The Purchaser acknowledges that the sale of the Shares by the Purchaser is restricted by SEC Rule 701. The Purchaser hereby affirms as made as of the date hereof the representations in his or her Option Agreement and such representations are incorporated herein by this reference. The Purchaser represents that he/she has no need for liquidity in this investment, has the ability to bear the economic risk of this investment, and can afford a complete loss of the purchase price for the Shares. The Purchaser acknowledges receipt of the Corporation's condensed consolidated financial information.

The Purchaser also understands and acknowledges (a) that the certificates representing the Shares will be legended as provided for below, and (b) that the Corporation has no obligation to register the Shares or file any registration statement under federal or state securities laws.

The certificates representing the Shares will bear the following legends or substantially similar legends:

"OWNERSHIP OF THIS CERTIFICATE, THE SHARES EVIDENCED BY THIS CERTIFICATE AND ANY INTEREST THEREIN ARE SUBJECT TO SUBSTANTIAL RESTRICTIONS ON TRANSFER UNDER APPLICABLE LAW AND UNDER AGREEMENTS WITH THE CORPORATION, INCLUDING RESTRICTIONS ON SALE, ASSIGNMENT, TRANSFER, PLEDGE OR OTHER DISPOSITION."

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("ACT"), NOR HAVE THEY BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. NO TRANSFER OF SUCH SECURITIES WILL BE PERMITTED UNLESS A REGISTRATION STATEMENT UNDER THE ACT IS IN EFFECT AS TO SUCH TRANSFER, THE TRANSFER IS MADE IN ACCORDANCE WITH RULE 144 UNDER THE ACT, OR IN THE OPINION OF COUNSEL TO THE CORPORATION, REGISTRATION UNDER THE ACT IS UNNECESSARY IN ORDER FOR SUCH TRANSFER TO COMPLY WITH THE ACT AND WITH APPLICABLE STATE SECURITIES LAWS."

"THE SHARES ARE SUBJECT TO THE CORPORATION'S RIGHT TO REPURCHASE THEM UNDER AN AGREEMENT WITH THE CORPORATION, A COPY OF WHICH IS AVAILABLE FOR REVIEW AT THE OFFICE OF THE SECRETARY OF THE CORPORATION."

2. Vesting. The Shares are being acquired prior to the time that they have become vested in accordance with the terms of the Option Agreement. Accordingly, the Shares are subject to the Corporation's repurchase right set forth in Section 5 below and other restrictions set forth herein. The Shares shall vest, and the Corporation's repurchase right under Section 5 shall lapse, as of the date(s) that the Option would have otherwise become vested as to such Shares. The maximum number of Shares that may vest on any occasion or event shall not exceed the number of shares that would have otherwise vested on such date under the Option Agreement had the underlying stock option not been

exercised prior to full vesting to acquire the Shares. No additional Shares shall vest after the date that the Purchaser's employment by the Corporation terminates.

3. Delivery of Share Certificate. The Corporation shall issue a certificate or certificates for the Shares, registered in the name of the Purchaser, which certificate(s) shall upon redelivery thereof to the Corporation pursuant to the following provisions of this Section 3 be held by the Corporation until the restrictions on such Shares shall have lapsed and the Shares shall thereby have become vested or the Shares represented thereby are repurchased by the Corporation in accordance with Section 5.

Upon delivery to the Purchaser of the certificate(s) representing the Shares, the Purchaser shall redeliver such certificate(s) to the Corporation, together with a stock power or stock powers, in blank and in substantially the form attached hereto, with respect to such certificate(s), to be held by the Corporation pursuant to the terms hereof. The Purchaser hereby appoints the Corporation and each of its authorized representatives as the Purchaser's attorney(s)-in-fact to effect any transfer of the Shares that are repurchased by the Corporation in accordance with the terms hereof or related cash, property or rights (including Restricted Property, as such term is defined below) to the Corporation as may be required pursuant to this Exercise Agreement and to execute such documents as the Corporation or such representatives deem necessary or advisable in connection with any such transfer.

Promptly after the vesting of the Shares in accordance with Section 2 above, a certificate or certificates evidencing the number of shares of Common Stock as to which the restrictions

have lapsed or been released shall be delivered to the Purchaser or other person entitled under the terms hereof and of the Plan to receive the shares. The Shares so delivered shall no longer be subject to the Corporation's repurchase right under Section 5, but such shares shall continue to be subject to the other restrictions set forth herein, in the Option Agreement, and in the Plan. Vested Shares and any other amounts deliverable pursuant to the Shares shall be delivered and paid only to the Purchaser or the Purchaser's beneficiary or personal representative, as the case may be.

4. Dividend; Voting Rights. After the date of issuance of the Shares, the Purchaser shall be entitled to cash dividends and voting rights with respect to the Shares, but such rights shall terminate as to any Shares that are repurchased by the Corporation in accordance with Section 5. Any securities or other property receivable in respect of the Shares by the Purchaser as a result of any dividend or other distribution, conversion or exchange of or with respect to the Shares are, together, referred to as "Restricted Property." Upon a repurchase of any Shares by the Corporation in accordance with Section 5, the Restricted Property related to such repurchased Shares shall be automatically transferred to the Corporation, without any further action by the Purchaser (or the Purchaser's beneficiary or personal representative, as the case may be) or additional consideration from the Corporation. The Corporation may take any other action necessary or advisable to evidence such transfer. The Purchaser, or the Purchaser's beneficiary or personal representative, as the case may be, shall deliver any additional documents of transfer that the Corporation may request to confirm the transfer of such Restricted Property to the Corporation.

5. Corporation's Repurchase Right. Subject to the terms and conditions of this Section 5, the Corporation shall have the right (the "Repurchase Right") (but not the obligation) to repurchase in one or more transactions in connection with the termination of the Purchaser's employment with the Corporation, and the Purchaser (or any permitted transferee) shall be obligated to sell any of the Shares that have not, as of the date of such termination of employment, become vested.

To exercise the Repurchase Right, the Corporation must give written notice thereof to the Purchaser (the "Repurchase Notice"). The Repurchase Notice is irrevocable by the Corporation and must (a) be in writing and signed by an authorized officer of the Corporation, (b) set forth the Corporation's intent to exercise the Repurchase Right and contain the total number of Shares to be sold to the Corporation pursuant to the exercise of the Repurchase Right, (c) be mailed or delivered to the Purchaser at the Purchaser's address reflected or last reflected on the Corporation's payroll records or delivered to the Purchaser in person, and (d) be so mailed or delivered no later than the ninetieth (90/th/) day following the date that the Purchaser's employment by the Corporation terminates. If mailed, the Repurchase Notice shall be enclosed in a properly sealed envelope, addressed as aforesaid, and deposited (postage prepaid) in a post office or branch post office regularly maintained by the United States Government. The Repurchase Notice shall be deemed to have been duly given as of the date mailed or delivered in accordance with the foregoing provisions.

The price per Share to be paid by the Corporation upon settlement of the Corporation's Repurchase Right (the "Repurchase Price") shall equal the

lesser of (a) the price paid by the Purchaser to exercise the stock option and
- ------
acquire such Share, or (b) the fair market value of a

Share as reasonably determined by the Corporation's Board of Directors as of the date of the Repurchase Notice. No interest shall be paid with respect to and no other adjustments (other than adjustments to reflect stock splits and similar changes in capitalization) shall be made to the Repurchase Price. The closing of any repurchase under this Section 5 shall be at a date to be specified by the Corporation, such date to be no later than 90 days after the date that the Purchaser's employment by the Corporation terminates. The Repurchase Price shall be paid at the closing in the form of a check in the amount of the Repurchase Price, by cancellation of money purchase indebtedness in like amount or by a combination of check and debt cancellation, as the Corporation may determine in its discretion.

Upon a repurchase of any Shares by the Corporation, such repurchased Shares shall be automatically transferred to the Corporation, without any further action by the Purchaser (or the Purchaser's beneficiary or personal representative, as the case may be). The Corporation may exercise its powers under this Exercise Agreement (including, without limitation, its powers under Section 3) and take any other action necessary or advisable to evidence such transfer. The Purchaser, or the Purchaser's beneficiary or personal representative, as the case may be, shall deliver any additional documents of transfer that the Corporation may request to confirm the transfer of such repurchased Shares to the Corporation.

If the Purchaser (or any permitted transferee who is an employee of the Company) ceases to be an employee of the Company and holds Shares as to which the Corporation's Repurchase Right has been exercised, the Purchaser shall be entitled to the value of such Shares in accordance with the foregoing provisions of this Section 5, but (unless otherwise required by law) shall no longer be entitled to participation in the Corporation or other rights as a shareholder with respect to the Shares subject to the repurchase. To the maximum extent permitted by law, the Purchaser's rights following the exercise of the Repurchase Right shall, with respect to the repurchase and the Shares covered thereby, be solely the rights that he or she has as a general creditor of the Corporation to receive payment of the amount specified above in this Section 5.

The Repurchase Right is in addition to, and not in lieu of, any right that the Corporation may have under the Option Agreement or the Plan. Notwithstanding anything to the contrary, the Corporation may assign any or all of its rights under this Section 5 to one or more stockholders of the Corporation.

6. Limitation on Disposition and Other Restrictions. The Shares and any Restricted Property in respect of the Shares may not be sold, assigned, transferred, pledged or otherwise disposed of, alienated or encumbered, either voluntarily or involuntarily, other than to the Corporation, until the time that the Shares (and related Restricted Property) become vested in accordance with Section 2.

7. Plan and Option Agreement. The Purchaser acknowledges receipt of a copy of all documents referenced herein and acknowledges reading and understanding these documents and having an opportunity to ask any questions that he/she may have had about them.

The Company has made and makes no representation regarding the advisability of, or regarding the tax, financial and other consequences of, an election to purchase the Shares prior to the time(s) that they have become vested under the Option Agreement. The Purchaser has

and will rely upon the advice of his/her own legal counsel, tax advisors, and/or investment advisors with respect to (1) this purchase and (2) the advisability of and procedures for making an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, with respect to this purchase and the risks, potential benefits, and consequences of such an election. The Purchaser is not relying on any representations or statements made by the Company or any of its agents. The Purchaser acknowledges that, under applicable law, if he or she decides to make an election under Section 83(b) of the Code with respect to this purchase, such election must be made within 30 days of the date of this purchase.

"PURCHASER"
/s/ Michael E. Woods
- ----------
Signature

ACCEPTED BY:
RED ROBIN GOURMET BURGERS, Inc.

By: /s/ Michael J. Snyder

Michael J. Snyder

Michael E. Woods — Its: Chief Executive Officer & President

Print Name

April 25, 2002

Date

SECURED PROMISSORY NOTE

$600,000.00 — April 25, 2002, Greenwood Village, CO

FOR VALUE RECEIVED, the undersigned Michael E. Woods ("Maker"), promises to pay to the order of RED ROBIN GOURMET BURGERS, INC., a Delaware corporation ("Holder"), which term shall include any subsequent holder of this Note, at 5575 DTC Parkway, Suite 110, Greenwood Village, Colorado 80111 (or at such other place as Holder shall designate in writing) in lawful money of the United States of America, the principal sum of Six Hundred Thousand Dollars ($600,000.00), with interest thereon commencing as of the date first written above at the rate (the "Interest Rate") described below.

1. Interest Rate. The Interest Rate shall be equal to 100% of the long-term Applicable Federal Rate, for annual compounding, announced by the Internal Revenue Service and in effect on the date first set forth above. The parties agree that such rate is 4.65% for purposes of this Note. Interest shall be compounded annually.

2. Outstanding Principal Balance. All references to the "Outstanding Principal Balance" shall mean the sum of Six Hundred Thousand Dollars ($600,000.00), less any principal repaid.

3. Payments. The principal balance of Six Hundred Thousand Dollars ($600,000.00) shall be due and payable in full on the "Due Date." The Due Date shall be the first to occur of (1) December 31, 2009 or (2) the first date that the Maker is no longer employed by the Holder (or a subsidiary of the Holder). On the Due Date, the accrued interest on this Note shall also be due and payable.

4. Application of Payments. All payments on this Note shall be applied first to the payment of accrued and unpaid interest, and then to the reduction of the Outstanding Principal Balance.

5. Prepayment Right. Maker shall have the right to prepay at any time, in whole or in part, the Outstanding Principal Balance of this Note, without premium or penalty.

6. Events of Default. Time is of the essence hereof. Upon the occurrence of any of the following events (the "Events of Default"):

(a) Failure of Maker to pay any portion of the Outstanding Principal Balance or any portion of the accrued interest thereon when due;

(b) Default by Maker in the performance of any other obligation of Maker under this Note; or

(c) Default by Maker in the performance of any obligation under that certain Option Exercise Agreement (the "Option Exercise Agreement") of even date herewith between Maker and Holder, under that certain Pledge Agreement of even date herewith between Maker

and Holder, or under any other document delivered by Maker in connection with the Option Exercise Agreement;

then if Maker does not fully cure any Event of Default within five (5) days of the date written notice is given by Holder to Maker (at Maker's address set forth below his signature), payment of the entire Outstanding Principal Balance and accrued interest on this Note shall, at the option of Holder, be accelerated and shall be immediately due and payable without notice or demand. In such event, Holder shall have the right, in addition to all other rights and remedies hereunder or under any other document, to foreclose or to require foreclosure of any or all liens securing the payment hereof.

7. Default Rate. In the event that Maker fails to pay any portion of the Outstanding Principal Balance or any portion of the accrued interest thereon when due, the amount past due and unpaid shall bear interest at an annual rate (the "Default Rate") equal to the greater of: (i) the Interest Rate;

or (ii) the lesser of (a) twelve percent (12%) per annum or (b) the rate established by the Federal Reserve Bank of San Francisco on advances to member banks under Sections 13 and 13(a) of the Federal Reserve Act in effect on the twenty-fifth (25th) day of the month immediately preceding the date of this Note plus five percent (5%) per annum or (c) the maximum rate that may be charged under applicable law; computed from the Due Date on which said amount was due and payable until paid. The charging or collecting of interest at the Default Rate shall not limit any of Holder's other rights or remedies under this Note.

8. Governing Law. Maker, and each endorser and cosigner of this Note, acknowledges and agrees that this Note is made and is intended to be paid and performed in the State of Colorado and the provisions hereof will be construed in accordance with the laws of the State of Colorado and, to the extent that federal law may preempt the applicability of state laws, federal law. Maker, and each endorser and cosigner of this Note further agree that upon the occurrence of a default, this Note may be enforced in any court of competent jurisdiction in the State of Colorado, and they do hereby submit to the jurisdiction of such courts regardless of their residence.

9. Remedies Cumulative; Waiver. The remedies of Holder as provided herein shall be cumulative and concurrent, and may be pursued singularly, successively or together, in the sole discretion of Holder, and may be exercised as often as occasion therefor shall arise. No act of omission or commission of Holder, including specifically any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same; such waiver or release to be affected only through a written document executed by Holder and then only to the extent specifically recited therein. Without limiting the generality of the preceding sentence, acceptance by Holder of any payment with knowledge of the occurrence of a default by Maker shall not be deemed a waiver of such default, and acceptance by Holder of any payment in an amount less than the amount then due hereunder shall be an acceptance on account only and shall not in any way affect the existence of a default hereunder. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of, any subsequent right, remedy or recourse as to a subsequent event.

10. Purpose of Loan. Maker certifies that the loan evidenced by this Note is obtained for business or commercial purposes and that the proceeds thereof shall not be used for personal, family, household or agricultural purposes.

11. Miscellaneous Provisions.

(a) Maker, and each endorser and cosigner of this Note expressly grants to Holder the right to release or to agree not to sue any other person, or to suspend the right to enforce this Note against such other person or to otherwise discharge such person; and Maker, and each endorser and cosigner agrees that the exercise of such rights by Holder will have no effect on the liability of any other person, primarily or secondarily liable hereunder. Maker, and each endorser and cosigner of this Note waives, to the fullest extent permitted by law, demand for payment, presentment for payment, protest, notice of protest, notice of dishonor, notice of nonpayment, notice of acceleration of maturity, diligence in taking any action to collect sums owing hereunder, any duty or obligation of Holder to effect, protect, perfect, retain or enforce any security for the payment of this Note or to proceed against any collateral before otherwise enforcing this Note, and the right to plead as a defense to the payment hereof any statute of limitations.

(b) This Note shall be paid when due without deduction or setoff of any kind or nature whatsoever.

(c) Maker agrees to reimburse Holder for all costs, including, without limitation, reasonable attorneys' fees, incurred to collect this Note if this Note is not paid when due, including, but not limited to, attorneys' fees incurred in connection with any bankruptcy proceedings instituted by or against Maker (including relief from stay litigation).

(d) If any provision hereof is for any reason and to any extent, invalid or unenforceable, then neither the remainder of the document in which such provision is contained, nor the application of the provision to other persons, entities or circumstances shall be affected thereby, but instead shall be enforceable to the maximum extent permitted by law.

(e) This Note shall be a joint and several obligation of Maker, and of all endorsers and cosigners hereof and shall be binding upon them and their respective heirs, personal representatives, successors and assigns.

(f) Maker may modify this Note in any manner that does not materially and adversely affect Holder. Except as provided in the preceding sentence, this Note may not be modified or amended orally, but only by a modification or amendment in writing signed by Holder and Maker.

(g) Notwithstanding anything in the Option Exercise Agreement to the contrary, if any amount becomes due or payable from the Holder to the Maker under the Option Exercise Agreement (in connection with the Holder's repurchase of shares or otherwise), the Holder may, in its sole discretion and in lieu of making such payment to the Maker, treat such amount as a payment of the Maker against the interest and/or principal on this Note.

(h) When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural and the masculine shall include the feminine and neuter and vice versa. The word "person" as used herein shall include any individual, company, firm, association, partnership, corporation, trust or other legal entity of any kind whatsoever.

(i) The headings of the paragraphs and sections of this Note are for convenience of reference only, are not to be considered a part hereof and shall not limit to otherwise affect any of the terms hereof.

(j) In the event that at any time any payment received by Holder hereunder shall be deemed by final order of a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under the bankruptcy or insolvency laws of the United States, or shall otherwise be deemed to be due to any party other than Holder, then, in any such event, the obligation to make such payment shall survive any cancellation of this Note and/or return thereof to Maker and shall not be discharged or satisfied by any prior payment thereof and/or cancellation of this Note, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof, and the amount of such payment shall bear interest at the Default Rate from the date of such final order until repaid hereunder.

12. Security. This Note is secured by a pledge of certain personal property of Maker as described more fully in that certain Pledge Agreement executed by Maker and Holder concurrently herewith.

IN WITNESS WHEREOF, Maker has executed this Promissory Note as of the day and year first above written.

"MAKER"

/s/ Michael E. Woods

Signature

Michael E. Woods

Print Name

999 S. Euclid Way

Address

Denver, CO 80209

City, State, Zip Code

PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT ("Agreement") is made and entered into this 25 day of April, 2002, between RED ROBIN GOURMET BURGERS, INC., a Delaware corporation ("Secured Party"), and Michael E. Woods ("Debtor").

RECITALS

A. Concurrently herewith, Debtor has executed a certain Secured Promissory Note (the "Purchase Note") in the stated principal amount of Six Hundred Thousand Dollars ($600,000.00) in favor of Secured Party.

B. The indebtedness of Debtor to Secured Party under the Purchase Note is hereinafter referred to as the "Indebtedness."

C. It is the purpose and intent of the parties hereto to secure the payment by Debtor to Secured Party of the Indebtedness by a pledge of certain collateral, according to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and conditions set forth herein, the parties agree as follows:

1. Debtor hereby grants to Secured Party a security interest in and to 300,000 shares of the Common Stock, par value $0.001 per share, of Red Robin Gourmet Burgers, Inc. which are evidenced by Share Certificate No. [215] ("Collateral") and does hereby deliver to and deposit the Collateral with the Board of Directors of Secured Party, together with a stock power duly executed in blank.

During the term hereof, and subject to the provisions of this Agreement, Secured Party shall hold and retain the Collateral, for the purpose of perfecting the security interest herein granted to Secured Party, and for the purpose of carrying out the provisions of this Agreement.

2. The Collateral shall secure the payment of the Indebtedness.

3. Debtor warrants that Debtor is the sole lawful owner of the Collateral and that there is no lien or charge against, or encumbrance or security interest in, or adverse claim to, the Collateral, or any portion thereof, other than the security interest created pursuant to this Agreement and the Secured Party's rights pursuant to an Option Exercise Agreement of even date herewith between the Secured Party and Debtor. So long as there is any Indebtedness whatsoever owing to Secured Party, Debtor agrees to keep the Collateral free and dear of any and all liens, encumbrances, security interests (other than the security interest of Secured Party), adverse claims or interests.

4. Any and all cash dividends and cash distributions during the term of this Agreement which derive from the Collateral shall be retained by Secured Party and treated as a prepayment by Debtor against the Indebtedness. In the event that Secured Party cannot or does not (for any reason) retain such cash dividends or cash distributions, Debtor shall promptly remit

the amount of such dividends and distributions in cash to Secured Party to be treated as a prepayment by Debtor against the Indebtedness. As long as Debtor is not in default hereunder, Debtor shall retain all voting rights associated with the Collateral. After the occurrence of a default hereunder, Secured Party shall have all voting rights associated with the Collateral. Any securities or other property which are derived from Collateral during the term of this Agreement which (as a result of any non-cash dividend or other distribution of such securities or other property, conversion or exchange of or with respect to the Collateral) shall, regardless of whether Debtor is in default hereunder, be held by Secured Party as additional Collateral.

5. Debtor shall be in default under this Agreement upon the happening of any of the following events:

(a) Debtor fails to pay any portion of the Indebtedness when due, or commits a default under the Purchase Note, subject to any applicable grace or cure periods set forth therein.

(b) Debtor fails to perform any other agreement or covenant under this Agreement within any applicable notice and/or "grace" periods specified herein, provided that if no notice or grace period is herein specified, Debtor shall have ten (10) days after notice thereof has been given within which to cure any such default;

(c) All or any portion of the Collateral is seized or levied upon by writ of attachment, garnishment, execution or otherwise, and such seizure or levy is not released within thirty (30) days thereafter;

(d) Debtor executes a general assignment for the benefit of his creditors, convenes any meeting of his creditors, becomes insolvent, admits in writing his insolvency or inability to pay his debts, or is unable to pay or is generally not paying his debts as they become due;

(e) A receiver, trustee, custodian or agent is appointed to take possession of all or any portion of the Collateral or all or any substantial portion of Debtor's assets;

(f) Any case or proceeding is voluntarily commenced by Debtor under any provision of the federal Bankruptcy Code or any other federal or state law relating to debtor rehabilitation, insolvency, bankruptcy, liquidation or reorganization, or any such case or proceeding is involuntarily commenced against Debtor and not dismissed within thirty (30) days thereafter;

(g) Any representation made by Debtor in this Agreement shall have been untrue or incorrect in any material respect when made.

Upon such default, Secured Party may, at its option, declare all Indebtedness to be immediately due and payable. Additionally, Secured Party shall have the rights and remedies set forth in Paragraph 6 below.

6. Should Debtor default under this Agreement, Secured Party shall have all the rights and remedies afforded a secured party under Article 9 of the Uniform Commercial Code of Colorado and may, in connection therewith, also:

(a) Require Debtor to assemble the Collateral and make its possession available to Secured Party at a place designated by Secured Party that is reasonably convenient to both Debtor, and Secured Party; or

(b) Sell, lease or otherwise dispose of the Collateral at public or private sale, in one or more sales, as a unit or in parcels, and at such time and place and on such terms as Secured Party may determine. Secured Party may be the purchaser of any or all of the Collateral at any public or private sale. If, at any time when Secured Party shall determine to exercise its right to sell all or any part of the Collateral and such Collateral, or the part thereof to be sold, it has been advised by legal counsel that the Collateral is subject to the Securities Act of 1933 as amended or any state securities laws, Secured Party in its sole and absolute discretion, is hereby expressly authorized to sell such Collateral, or any part thereof, subject to obtaining all required regulatory approvals, by private sale in such manner and under such circumstances as Secured Party may deem necessary or advisable in order that such sale may be effected legally without registration or qualification under applicable securities laws. Without limiting the generality of the foregoing, Secured Party, in its sole and absolute discretion, may approach and negotiate with a restricted number of potential purchasers to effect such sale or restrict such sale to a purchaser or purchaser who will represent and agree that such purchaser or purchasers are purchasing for his or their own account, for investment only, and not with a view to the distribution or sale of such Collateral or any part thereof. Any such sale shall be deemed to be a sale made in a commercially reasonable manner within the meaning of the Uniform Commercial Code of the State of Colorado and Debtor hereby consents and agrees that Secured Party shall incur no responsibility or liability for selling all or any part of the Collateral at a price which is not unreasonably low, notwithstanding the possibility that a higher price might be realized if the sale were public. Any public sale of any or all of the Collateral may be postponed from time to time by public announcement at the time and place last scheduled for the sale. Without limiting the generality of this Section 6, it shall conclusively be deemed to be commercially reasonable for Secured Party to direct any prospective purchaser of any or all of the Collateral to Debtor to ascertain all information concerning the status of Red Robin Gourmet Burgers, Inc. Secured Party's disposition of any or all of the Collateral in any manner which differs from the procedures specified in this Section 6 shall not be deemed to be commercially unreasonable; or

(c) Propose to accept the Collateral after giving notice of such proposal to Debtor and to any other person with a security interest in the Collateral as required by and in accordance with Sections 4-9-620 and 4-9-621 of the Uniform Commercial Code of Colorado, or any applicable successor statute. Such acceptance shall discharge the obligation of Debtor with respect to the Indebtedness in accordance with Section 4-9-622 of the Uniform Commercial Code of Colorado, or any applicable successor statute, provided that neither Debtor nor any other person with a security interest in the Collateral objects in writing to such proposal within twenty (20) days after receipt of such notice.

The proceeds of any sale, lease or other disposition of the Collateral shall be applied in the manner and priority set forth in Section 4-9-615 of the Uniform Commercial Code of Colorado, or any applicable successor statute.

7. In the event that legal action is instituted by either party to enforce his or its rights under this Agreement or any obligation secured hereby, the prevailing party in such action shall be entitled to recover from the losing party his or its reasonable attorneys' fees as determined by the Court.

8. Debtor waives any right to require the Secured Party to:

(a) Proceed against any person;

(b) Proceed against or exhaust any Collateral; or

(c) Pursue any other remedy in Secured Party's power.

Debtor further authorizes the Secured Party, without notice or demand and without affecting its liability hereunder or on the Indebtedness, from time to time to:

(d) Amend or modify the terms of the Purchase Note (with Debtor's consent to the extent required by the Purchase Note), including, but not limited to, any such amendment or modification which affects the Indebtedness.

(e) Take and hold security, other than the Collateral herein described, for the payment of the Indebtedness or any part thereof, and exchange, enforce, waive, and release the Collateral herein described or any part thereof or any such other security.

(f) Apply such Collateral or other security and direct the order or manner of sale thereof as Secured Party in its discretion may determine.

9. (a) On the last business day of each fiscal quarter of Secured Party, Secured Party shall determine the value of the Collateral. The value of a share of any security means the daily closing price of such security on the NASDAQ National Market System (or other principal exchange on which shares of such security is listed or approved for trading) on such day or the most recent day on which such security traded if it did not trade on such last business day of the fiscal quarter. The daily closing price shall be the closing price, if reported, or, if the closing price is not reported, the average of the closing "bid" and "asked" prices as reported by NASDAQ (or other principal exchange). If the daily closing price per share of such security is determined during a period following the declaration of a dividend, distribution, recapitalization, reclassification or similar transaction, then the value shall be properly adjusted to take into account ex-dividend trading. In the event that a security is not traded on a national securities exchange, the Board of Directors of Secured Party shall determine the value of the security in good faith and such determination shall be final and conclusive on all parties.

(b) If the value of the Collateral shall be less than the outstanding principal and accrued interest under the Purchase Note, then Secured Party may require Debtor to repay so much of the accrued interest as may be required to cause the value of the Collateral to equal the

balance of the principal and accrued interest under the Purchase Note. If repaying some or all of the accrued interest does not reduce the amount remaining under the Purchase Note to the value of the Collateral, then Debtor shall also repay so much of the principal as may be necessary to cause the balance remaining under the Purchase Note to equal the value of the Collateral. Any amounts demanded by Secured Party pursuant to this Section 9 shall be due within 30 days following Debtor's receipt of Secured Party's written demand therefor.

10. Neither the acceptance of any partial or delinquent payment by Secured Party nor Secured Party's failure to exercise any of its rights or remedies on default by Debtor shall be a waiver of the default, a modification of this Agreement or Debtor's obligations under this Agreement, or a waiver of any subsequent default by Debtor.

11. All notices required or permitted to be given pursuant to this Agreement shall be in writing, and shall be delivered either personally, by overnight delivery service or by U.S. certified or registered mail, postage prepaid, return-receipt requested and addressed, if to the Secured Party to the attention of the Chairman of the Board of Directors of Secured Party, with a copy to the attention of the General Counsel at its principal executive offices, or if to the Debtor to the Debtor's address as it appears below his signature hereto. The parties may change their addresses by giving notice of such change in accordance with this section. Notices sent by overnight delivery service shall be deemed received on the business day following the date of deposit with the delivery service. Mailed notices shall be deemed received upon the earlier of the date of delivery shown on the return-receipt, or the second business day after the date of mailing.

12. Time is hereby expressly declared to be of the essence of this Agreement.

13. This Agreement and each of its provisions shall be binding on the heirs, executors, administrators, successors, and assigns of each of the parties hereto. Nothing contained in this paragraph, however, shall be deemed a consent to the sale, assignment, or transfer of the Collateral by Debtor.

14. This Agreement is made and entered into and shall be interpreted in accordance with the laws of the State of Colorado. Any action concerning this Agreement shall be commenced in a court of competent jurisdiction in Denver County, State of Colorado.

15. Upon payment in full of the portion of the Indebtedness evidenced by the Purchase Note, this Agreement shall terminate and be of no further force or effect and Secured Party shall immediately deliver to Debtor the Collateral and the stock powers.

16. Secured Party shall not be responsible for any damage or loss to the Collateral, or any part thereof, arising from act of God, flood, fire, or any other cause beyond the reasonable control of Secured Party.

17. Secured Party shall not be liable to either party or to anyone else for actions taken (or omissions to act) which are within the scope of the authority of Secured Party under this Agreement, provided that such actions (or omissions to act) do not constitute bad faith, gross negligence or willful misconduct.

18. Secured Party shall not be responsible in any manner whatsoever for any failure or inability of any of the parties hereto, or of anyone else, to perform or comply with the provisions of this Agreement, nor for the genuineness or accuracy of any notice received by Secured Party from any of the parties hereto.

19. Upon the request of Secured Party, from time to time, Debtor agrees to execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, all such additional instruments, and agrees to perform any and all acts reasonably required to carry into effect the provisions and intent of this Agreement.

20. In the event that the Collateral consists of securities traded on the NASDAQ National Market System or other national securities exchange and Debtor would (but for the restrictions on the Collateral imposed by this Agreement) be able to sell all or a portion of such Collateral on such system or exchange in compliance with all applicable law and in compliance with all other agreements to which Debtor is a party or otherwise bound, then Debtor may petition Secured Party to release, and Secured Party shall release, such portion of the Collateral consisting of such publicly-traded shares as Debtor may request in writing; provided (1) that the released portion of the Collateral shall be delivered only to a nationally-recognized broker identified by and for the account of Debtor, (2) that Debtor shall have previously given irrevocable written instructions to such broker (with a copy to Secured Party) to promptly sell such portion of the Collateral upon receipt by broker and promptly deliver to Secured Party (to be treated by Secured Party as a partial prepayment of the Indebtedness) a portion of the gross proceeds from such sale (such portion not to be less than the amount of the then-outstanding Indebtedness multiplied by a fraction, the numerator of which is the number of shares to be sold and the denominator of which is the total number of shares of that class composing the Collateral before the release of such shares from the Collateral). Secured Party's obligation under the preceding sentence is subject to the further conditions precedent that (1) Debtor shall provide such written assurances and representations to Secured Party as Secured Party may reasonably request to ensure compliance with the conditions of the preceding sentence, and (2) Debtor furnishes to Secured Party an opinion of counsel reasonably acceptable to Secured Party that the contemplated sale of all or a specified portion of the Collateral (at the time and on the terms specified and otherwise consistent with this Section 20) will be in compliance with all applicable law and in compliance with all other agreements to which Debtor is a party or otherwise bound.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

"DEBTOR"	"SECURED PARTY"
	RED ROBIN GOURMET BURGERS, INC. a Delaware corporation
/s/ Michael E. Woods - ---------- Signature	
Michael E. Woods - ---------- Print Name	By: /s/ Michael J. Snyder ---------- Michael J. Snyder
9999 S. Euclid Way - ---------- Address	Its: Chief Executive Officer & President ----------
Denver, CO 80209 - ---------- City, State, Zip Code	

STOCK POWER*

For value received, Michael E. Woods (the Debtor identified in the related Pledge Agreement), hereby sells, assigns and transfers to

_____, an aggregate _____ shares of Common Stock, par value $0.001 per share, of Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Corporation"), represented by stock certificate number(s) _____ to which this instrument is attached, and hereby irrevocably constitutes and appoints the Secretary of the Corporation as his/her attorney in fact and agent to transfer such shares on the books of the Corporation with full power of substitution in the premises.

Dated: _____

/s/ Michael E. Woods

Signature

Michael E. Woods

Print Name

- ---
* Instructions: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Corporation to exercise its repurchase right set forth in the related Option Exercise Agreement and/or its rights under the Pledge Agreement without requiring additional signatures from the Debtor.

IRREVOCABLE PROXY

SECTION 1 - PROXY

The undersigned, the owner of 300,000 shares of restricted Common Stock, par value $0.001 per share, of Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Corporation"), hereby appoints the Board of Directors of the Corporation to be proxy agent ("Proxy Agent") for the undersigned, with full power of substitution, with respect to all of such shares of Common Stock of the Corporation ("Proxy Shares").

The Proxy Agent is authorized to vote all of the Proxy Shares on any matter submitted to a vote of stockholders of the Corporation at any stockholders meeting held on or after the date of this Proxy and prior to the termination of this Proxy.

The Proxy Agent is further authorized to execute documents on behalf of the undersigned with respect to the Proxy Shares consenting to the taking of any action to be taken by the stockholders of the Corporation without a meeting and to exercise any and all other rights of a stockholder of the Corporation on or after the date of this Proxy and prior to the termination of this Proxy.

Notwithstanding anything herein to the contrary, this Proxy may only be exercised by Proxy Agent if the undersigned defaults (beyond any applicable notice and/or grace or cure period) under that certain Secured Promissory Note of even date herewith in the stated principal amount of Six Hundred Thousand Dollars ($600,000) (the "Purchase Note") executed by the undersigned in favor of the Corporation, under that certain Pledge Agreement of even date herewith executed by the Corporation and the undersigned, or under that certain Option Exercise Agreement of even date herewith executed by the Corporation and the undersigned.

SECTION 2 - OUTSTANDING PROXIES

This Proxy revokes all proxies previously given by the undersigned to vote any of the Proxy Shares to any other person or entity.

SECTION 3 - IRREVOCABILITY

This Proxy is coupled with an interest and is irrevocable.

SECTION 4 - TERMINATION

This Proxy shall terminate upon the payment in full of the Purchase Note.

SECTION 5 - LEGEND

The undersigned agrees to immediately place a legend on the share certificates evidencing the Proxy Shares which reflects the existence of this Proxy.

Dated: April 25, 2002

Signature: /s/ Michael E. Woods

Print Name: Michael E. Woods

STATE OF COLORADO)
) ss.
COUNTY OF ARAPAHOE)

On April 25, 2002, before me, Kyle L. WhiteJohnson, Notary Public, personally appeared Michael E. Woods, personally known to me/proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person executed the instrument.

WITNESS my hand and official seal.

/s/ Kyle L. WhiteJohnson

NOTARY PUBLIC

[SEAL]

EXHIBIT 10.36

SECURED PROMISSORY NOTE

$250,000.00 April 25, 2002
Greenwood Village, CO

FOR VALUE RECEIVED, the undersigned Michael E. Woods ("Maker"), promises to pay to the order of RED ROBIN GOURMET BURGERS, INC., a Delaware corporation ("Holder"), which term shall include any subsequent holder of this Note, at 5575 DTC Parkway, Suite 110, Greenwood Village, Colorado 80111 (or at such other place as Holder shall designate in writing) in lawful money of the United States of America, the principal sum of Two Hundred Fifty Thousand Dollars ($250,000.00), with interest thereon commencing as of the date first written above at the rate (the "Interest Rate") described below.

1. Interest Rate. The Interest Rate shall be equal to 100% of the long-term Applicable Federal Rate, for annual compounding, announced by the Internal Revenue Service and in effect on the date first set forth above. The parties agree that such rate is 4.65% for purposes of this Note. Interest shall be compounded annually.

2. Outstanding Principal Balance. All references to the "Outstanding Principal Balance" shall mean the sum of Two Hundred Fifty Thousand Dollars ($250,000.00), less any principal repaid.

3. Payments. The principal balance of Two Hundred Fifty Thousand Dollars ($250,000.00) shall be due and payable in full on the "Due Date." The Due Date shall be the first to occur of (1) January 6, 2007, or (2) the first date that the Maker is no longer employed by the Holder (or a subsidiary of the Holder). On the Due Date, the accrued interest on this Note shall also be due and payable.

4. Application of Payments. All payments on this Note shall be applied first to the payment of accrued and unpaid interest, and then to the reduction of the Outstanding Principal Balance.

5. Prepayment Right. Maker shall have the right to prepay at any time, in whole or in part, the Outstanding Principal Balance of this Note, without premium or penalty.

6. Events of Default. Time is of the essence hereof. Upon the occurrence of any of the following events (the "Events of Default"):

(a) Failure of Maker to pay any portion of the Outstanding Principal Balance or any portion of the accrued interest thereon when due;

(b) Default by Maker in the performance of any other obligation of Maker under this Note;

(c) Debtor ceases to be employed by Holder or one of its subsidiaries; or

(d) Default by Maker in the performance of any obligation under that certain Option Exercise Agreement (the "Option Exercise Agreement") of even date herewith between Maker and Holder, under that certain Pledge Agreement of even date herewith between Maker and Holder, or under any other document delivered by Maker in connection with the Option Exercise Agreement;

then if Maker does not fully cure any Event of Default within five (5) days of the date written notice is given by Holder to Maker (at Maker's address set forth below his signature), payment of the entire Outstanding Principal Balance and accrued interest on this Note shall, at the option of Holder, be accelerated and shall be immediately due and payable without notice or demand. In such event, Holder shall have the right, in addition to all other rights and remedies hereunder or under any other document, to foreclose or to require foreclosure of any or all liens securing the payment hereof.

7. Default Rate. In the event that Maker fails to pay any portion of the Outstanding Principal Balance or any portion of the accrued interest thereon when due, the amount past due and unpaid shall bear interest at an annual rate (the "Default Rate") equal to the greater of: (i) the Interest Rate; or (ii) the lesser of (a) twelve percent (12%) per annum or (b) the rate established by the Federal Reserve Bank of San Francisco on advances to member banks under Sections 13 and 13(a) of the Federal Reserve Act in effect on the twenty-fifth (25th) day of the month immediately preceding the date of this Note plus five percent (5%) per annum or (c) the maximum rate that may be charged under applicable law; computed from the Due Date on which said amount was due and payable until paid. The charging or collecting of interest at the Default Rate shall not limit any

of Holder's other rights or remedies under this Note.

8. Governing Law. Maker, and each endorser and cosigner of this Note, acknowledges and agrees that this Note is made and is intended to be paid and performed in the State of Colorado and the provisions hereof will be construed in accordance with the laws of the State of Colorado and, to the extent that federal law may preempt the applicability of state laws, federal law. Maker, and each endorser and cosigner of this Note further agree that upon the occurrence of a default, this Note may be enforced in any court of competent jurisdiction in the State of Colorado, and they do hereby submit to the jurisdiction of such courts regardless of their residence.

9. Remedies Cumulative; Waiver. The remedies of Holder as provided herein shall be cumulative and concurrent, and may be pursued singularly, successively or together, in the sole discretion of Holder, and may be exercised as often as occasion therefor shall arise. No act of omission or commission of Holder, including specifically any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same; such waiver or release to be affected only through a written document executed by Holder and then only to the extent specifically recited therein. Without limiting the generality of the preceding sentence, acceptance by Holder of any payment with knowledge of the occurrence of a default by Maker shall not be deemed a waiver of such default, and acceptance by Holder of any payment in an amount less than the amount then due hereunder shall be an acceptance on account only and shall not in any way affect the existence of a default hereunder. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of, any subsequent right, remedy or recourse as to a subsequent event.

10. Purpose of Loan. Maker certifies that the loan evidenced by this Note is obtained for business or commercial purposes and that the proceeds thereof shall not be used for personal, family, household or agricultural purposes.

11. Miscellaneous Provisions.

(a) Maker, and each endorser and cosigner of this Note expressly grants to Holder the right to release or to agree not to sue any other person, or to suspend the right to enforce this Note against such other person or to otherwise discharge such person; and Maker, and each endorser and cosigner agrees that the exercise of such rights by Holder will have no effect on the liability of any other person, primarily or secondarily liable hereunder. Maker, and each endorser and cosigner of this Note waives, to the fullest extent permitted by law, demand for payment, presentment for payment, protest, notice of protest, notice of dishonor, notice of nonpayment, notice of acceleration of maturity, diligence in taking any action to collect sums owing hereunder, any duty or obligation of Holder to effect, protect, perfect, retain or enforce any security for the payment of this Note or to proceed against any collateral before otherwise enforcing this Note, and the right to plead as a defense to the payment hereof any statute of limitations.

(b) This Note shall be paid when due without deduction or setoff of any kind or nature whatsoever.

(c) Maker agrees to reimburse Holder for all costs, including, without limitation, reasonable attorneys' fees, incurred to collect this Note if this Note is not paid when due, including, but not limited to, attorneys' fees incurred in connection with any bankruptcy proceedings instituted by or against Maker (including relief from stay litigation).

(d) If any provision hereof is for any reason and to any extent, invalid or unenforceable, then neither the remainder of the document in which such provision is contained, nor the application of the provision to other persons, entities or circumstances shall be affected thereby, but instead shall be enforceable to the maximum extent permitted by law.

(e) This Note shall be a joint and several obligation of Maker, and of all endorsers and cosigners hereof and shall be binding upon them and their respective heirs, personal representatives, successors and assigns.

(f) Maker may modify this Note in any manner that does not materially and adversely affect Holder. Except as provided in the preceding sentence, this Note may not be modified or amended orally, but only by a modification or amendment in writing signed by Holder and Maker.

(g) Notwithstanding anything in the Option Exercise Agreement to the contrary, if any amount becomes due or payable from the Holder to the Maker under the Option Exercise Agreement (in connection with the Holder's repurchase of shares or otherwise), the Holder may, in its sole discretion and in lieu of making such payment to the Maker, treat such amount as a payment of the Maker against the interest and/or principal on this Note.

(h) When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural and the masculine shall include the feminine and neuter and vice versa. The word "person" as used herein shall include any individual, company, firm, association, partnership, corporation, trust or other legal entity of any kind whatsoever.

(i) The headings of the paragraphs and sections of this Note are for convenience of reference only, are not to be considered a part hereof and shall not limit to otherwise affect any of the terms hereof.

(j) In the event that at any time any payment received by Holder hereunder shall be deemed by final order of a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under the bankruptcy or insolvency laws of the United States, or shall otherwise be deemed to be due to any party other than Holder, then, in any such event, the obligation to make such payment shall survive any cancellation of this Note and/or return thereof to Maker and shall not be discharged or satisfied by any prior payment thereof and/or cancellation of this Note, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof, and the amount of such payment shall bear interest at the Default Rate from the date of such final order until repaid hereunder.

12. Security. This Note is secured by a pledge of certain personal property of Maker as described more fully in that certain Pledge Agreement executed by Maker and Holder concurrently herewith.

IN WITNESS WHEREOF, Maker has executed this Promissory Note as of the day and year first above written.

"MAKER"

/s/ Michael E. Woods
Signature

Michael E. Woods

Print Name

999 S. Euclid Way

Address

Denver, CO 80209

City, State, Zip Code

PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT ("Agreement") is made and entered into this 25 day of April, 2002, between RED ROBIN GOURMET BURGERS, INC., a Delaware corporation ("Secured Party"), and Michael E. Woods ("Debtor").

RECITALS

A. Concurrently herewith, Debtor has executed a certain Secured Promissory Note (the "Purchase Note") in the stated principal amount of Two Hundred Fifty Thousand Dollars ($250,000.00) in favor of Secured Party.

B. The indebtedness of Debtor to Secured Party under the Purchase Note is hereinafter referred to as the "Indebtedness."

C. It is the purpose and intent of the parties hereto to secure the payment by Debtor to Secured Party of the Indebtedness by a pledge of certain collateral, according to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and conditions set forth herein, the parties agree as follows:

1. Debtor hereby grants to Secured Party a security interest in and to 125,000 shares of the Common Stock, par value $0.001 per share, of Red Robin Gourmet Burgers, Inc. which are evidenced by Share Certificate No. [214] ("Collateral") and does hereby deliver to and deposit the Collateral with the Board of Directors of Secured Party, together with a stock power duly executed in blank.

During the term hereof, and subject to the provisions of this

Agreement, Secured Party shall hold and retain the Collateral for the purpose of perfecting the security interest herein granted to Secured Party, and for the purpose of carrying out the provisions of this Agreement.

2. The Collateral shall secure the payment of the Indebtedness.

3. Debtor warrants that Debtor is the sole lawful owner of the Collateral and that there is no lien or charge against, or encumbrance or security interest in, or adverse claim to, the Collateral, or any portion thereof, other than the security interest created pursuant to this Agreement and the Secured Party's rights pursuant to an Option Exercise Agreement of even date herewith between the Secured Party and Debtor. So long as there is any Indebtedness whatsoever owing to Secured Party, Debtor agrees to keep the Collateral free and dear of any and all liens, encumbrances, security interests (other than the security interest of Secured Party), adverse claims or interests.

4. Any and all cash dividends and cash distributions during the term of this Agreement which derive from the Collateral shall be retained by Secured Party and treated as a prepayment by Debtor against the Indebtedness. In the event that Secured Party cannot or does not (for any reason) retain such cash dividends or cash distributions, Debtor shall promptly remit

the amount of such dividends and distributions in cash to Secured Party to be treated as a prepayment by Debtor against the Indebtedness. As long as Debtor is not in default hereunder, Debtor shall retain all voting rights associated with the Collateral. After the occurrence of a default hereunder, Secured Party shall have all voting rights associated with the Collateral. Any securities or other property which are derived from the Collateral during the term of this Agreement (as a result of any non-cash dividend or other distribution of such securities or other property, conversion or exchange of or with respect to the Collateral) shall, regardless of whether Debtor is in default hereunder, be held by Secured Party as additional Collateral.

5. Debtor shall be in default under this Agreement upon the happening of any of the following events:

(a) Debtor fails to pay any portion of the Indebtedness when due, or commits a default under the Purchase Note, subject to any applicable grace or cure periods set forth therein.

(b) Debtor fails to perform any other agreement or covenant under this Agreement within any applicable notice and/or "grace" periods specified herein, provided that if no notice or grace period is herein specified, Debtor shall have ten (10) days after notice thereof has been given within which to cure any such default;

(c) All or any portion of the Collateral is seized or levied upon by writ of attachment, garnishment, execution or otherwise, and such seizure or levy is not released within thirty (30) days thereafter;

(d) Debtor executes a general assignment for the benefit of his creditors, convenes any meeting of his creditors, becomes insolvent, admits in writing his insolvency or inability to pay his debts, or is unable to pay or is generally not paying his debts as they become due;

(e) A receiver, trustee, custodian or agent is appointed to take possession of all or any portion of the Collateral or all or any substantial portion of Debtor's assets;

(f) Any case or proceeding is voluntarily commenced by Debtor under any provision of the federal Bankruptcy Code or any other federal or state law relating to debtor rehabilitation, insolvency, bankruptcy, liquidation or reorganization, or any such case or proceeding is involuntarily commenced against Debtor and not dismissed within thirty (30) days thereafter;

(g) Any representation made by Debtor in this Agreement shall have been untrue or incorrect in any material respect when made.

Upon such default, Secured Party may, at its option, declare all Indebtedness to be immediately due and payable. Additionally, Secured Party shall have the rights and remedies set forth in Paragraph 6 below.

6. Should Debtor default under this Agreement, Secured Party shall have all the rights and remedies afforded a secured party under Article 9 of the Uniform Commercial Code of Colorado and may, in connection therewith, also:

(a) Require Debtor to assemble the Collateral and make its

possession available to Secured Party at a place designated by Secured Party that is reasonably convenient to both Debtor and Secured Party; or

(b) Sell, lease or otherwise dispose of the Collateral at public or private sale, in one or more sales, as a unit or in parcels, and at such time and place and on such terms as Secured Party may determine. Secured Party may be the purchaser of any or all of the Collateral at any public or private sale. If, at any time when Secured Party shall determine to exercise its right to sell all or any part of the Collateral and such Collateral, or the part thereof to be sold, it has been advised by legal counsel that the Collateral is subject to the Securities Act of 1933 as amended or any state securities laws, Secured Party in its sole and absolute discretion, is hereby expressly authorized to sell such Collateral, or any part thereof, subject to obtaining all required regulatory approvals, by private sale in such manner and under such circumstances as Secured Party may deem necessary or advisable in order that such sale may be effected legally without registration or qualification under applicable securities laws. Without limiting the generality of the foregoing, Secured Party, in its sole and absolute discretion, may approach and negotiate with a restricted number of potential purchasers to effect such sale or restrict such sale to a purchaser or purchasers who will represent and agree that such purchaser or purchaser are purchasing for his or their own account, for investment only, and not with a view to the distribution or sale of such Collateral or any part thereof. Any such sale shall be deemed to be a sale made in a commercially reasonable manner within the meaning of the Uniform Commercial Code of the State of Colorado and Debtor hereby consents and agrees that Secured Party shall incur no responsibility or liability for selling all or any part of the Collateral at a price which is not unreasonably low, notwithstanding the possibility that a higher price might be realized if the sale were public. Any public sale of any or all of the Collateral may be postponed from time to time by public announcement at the time and place last scheduled for the sale. Without limiting the generality of this Section 6, it shall conclusively be deemed to be commercially reasonable for Secured Party to direct any prospective purchaser of any or all of the Collateral to Debtor to ascertain all information concerning the status of Red Robin Gourmet Burgers, Inc. Secured Party's disposition of any or all of the Collateral in any manner which differs from the procedures specified in this Section 6 shall not be deemed to be commercially unreasonable; or

(c) Propose to accept the Collateral after giving notice of such proposal to Debtor and to any other person with a security interest in the Collateral as required by and in accordance with Sections 4-9-620 and 4-9-621 of the Uniform Commercial Code of Colorado, or any applicable successor statute. Such acceptance shall discharge the obligation of Debtor with respect to the Indebtedness in accordance with Section 4-9-622 of the Uniform Commercial Code of Colorado or any applicable successor statute, provided that neither Debtor nor any other person with a security interest in the Collateral objects in writing to such proposal within twenty (20) days after receipt of such notice.

The proceeds of any sale, lease or other disposition of the Collateral shall be applied in the manner and priority set forth in Section 4-9-615 of the Uniform Commercial Code of Colorado, or any applicable successor statute.

7. In the event that legal action is instituted by either party to enforce his or its rights under this Agreement or any obligation secured hereby, the prevailing party in such action shall be entitled to recover from the losing party his or its reasonable attorneys' fees as determined by the Court.

8. Debtor waives any right to require the Secured Party to:

(a) Proceed against any person;

(b) Proceed against or exhaust any Collateral; or

(c) Pursue any other remedy in Secured Party's power.

Debtor further authorizes the Secured Party, without notice or demand and without affecting its liability hereunder or on the Indebtedness, from time to time to:

(d) Amend or modify the terms of the Purchase Note (with Debtor's consent to the extent required by the Purchase Note), including, but not limited to, any such amendment or modification which affects the Indebtedness.

(e) Take and hold security, other than the Collateral herein described, for the payment of the Indebtedness or any part thereof, and exchange, enforce, waive, and release the Collateral herein described or any part thereof or any such other security.

(f) Apply such Collateral or other security and direct

the order or manner of sale thereof as Secured Party in its discretion may determine.

9. (a) On the last business day of each fiscal quarter of Secured Party, Secured Party shall determine the value of the Collateral. The value of a share of any security means the daily closing price of such security on the NASDAQ National Market System (or other principal exchange on which shares of such security is listed or approved for trading) on such day or the most recent day on which such security traded if it did not trade on such last business day of the fiscal quarter. The daily closing price shall be the closing price, if reported, or, if the closing price is not reported, the average of the closing "bid" and "asked" prices as reported by NASDAQ (or other principal exchange). If the daily closing price per share of such security is determined during a period following the declaration of a dividend, distribution, recapitalization, reclassification or similar transaction, then the value shall be properly adjusted to take into account ex-dividend trading. In the event that a security is not traded on a national securities exchange, the Board of Directors of Secured Party shall determine the value of the security in good faith and such determination shall be final and conclusive on all parties.

(b) If the value of the Collateral shall be less than the outstanding principal and accrued interest under the Purchase Note, then Secured Party may require Debtor to repay so much of the accrued interest as may be required to cause the value of the Collateral to equal the

balance of the principal and accrued interest under the Purchase Note. If repaying some or all of the accrued interest does not reduce the amount remaining under the Purchase Note to the value of the Collateral, then Debtor shall also repay so much of the principal as may be necessary to cause the balance remaining under the Purchase Note to equal the value of the Collateral. Any amounts demanded by Secured Party pursuant to this Section 9 shall be due within 30 days following Debtor's receipt of Secured Party's written demand therefor.

10. Neither the acceptance of any partial or delinquent payment by Secured Party nor Secured Party's failure to exercise any of its rights or remedies on default by Debtor shall be a waiver of the default, a modification of this Agreement or Debtor's obligations under this Agreement, or a waiver of any subsequent default by Debtor.

11. All notices required or permitted to be given pursuant to this Agreement shall be in writing, and shall be delivered either personally, by overnight delivery service or by U.S. certified or registered mail, postage prepaid, return-receipt requested and addressed, if to the Secured Party to the attention of the Chairman of the Board of Directors of Secured Party, with a copy to the attention of the General Counsel, at its principal executive offices, or if to the Debtor to the Debtor's address as it appears below his signature hereto. The parties may change their addresses by giving notice of such change in accordance with this section. Notices sent by overnight delivery service shall be deemed received on the business day following the date of deposit with the delivery service. Mailed notices shall be deemed received upon the earlier of the date of delivery shown on the return-receipt, or the second business day after the date of mailing.

12. Time is hereby expressly declared to be of the essence of this Agreement.

13. This Agreement and each of its provisions shall be binding on the heirs, executors, administrators, successors, and assigns of each of the parties hereto. Nothing contained in this paragraph, however, shall be deemed a consent to the sale, assignment, or transfer of the Collateral by Debtor.

14. This Agreement is made and entered into and shall be interpreted in accordance with the laws of the State of Colorado. Any action concerning this Agreement shall be commenced in a court of competent jurisdiction in the State of Colorado.

15. Upon payment in full of the portion of the Indebtedness evidenced by the Purchase Note, this Agreement shall terminate and be of no further force or effect and Secured Party shall immediately deliver to Debtor the Collateral and the stock powers.

16. Secured Party shall not be responsible for any damage or loss to the Collateral, or any part thereof, arising from act of God, flood, fire, or any other cause beyond the reasonable control of Secured Party.

17. Secured Party shall not be liable to either party or to anyone else for actions taken (or omissions to act) which are within the scope of the authority of Secured Party under this Agreement, provided that such actions (or omissions to act) do not constitute bad faith, gross negligence or willful misconduct.

18. Secured Party shall not be responsible in any manner whatsoever for any failure or inability of any of the parties hereto, or of anyone else, to perform or comply with the provisions of this Agreement, nor for the genuineness or accuracy of any notice received by Secured Party from any of the parties hereto.

19. Upon the request of Secured Party, from time to time, Debtor agrees to execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, all such additional instruments, and agrees to perform any and all acts reasonably required to carry into effect the provisions and intent of this Agreement.

20. In the event that the Collateral consists of securities traded on the NASDAQ National Market System or other national securities exchange and Debtor would (but for the restrictions on the Collateral imposed by this Agreement) be able to sell all or a portion of such Collateral on such system or exchange in compliance with all applicable law and in compliance with all other agreements to which Debtor is a party or otherwise bound, then Debtor may petition Secured Party to release, and Secured Party shall release, such portion of the Collateral consisting of such publicly-traded shares as Debtor may request in writing; provided (1) that the released portion of the Collateral shall be delivered only to a nationally-recognized broker identified by and for the account of Debtor, (2) that Debtor shall have previously given irrevocable written instructions to such broker (with a copy to Secured Party) to promptly sell such portion of the Collateral upon receipt by broker and promptly deliver to Secured Party (to be treated by Secured Party as a partial prepayment of the Indebtedness) a portion of the gross proceeds from such sale (such portion not to be less than the amount of the then-outstanding Indebtedness multiplied by a fraction, the numerator of which is the number of shares to be sold and the denominator of which is the total number of shares of that class composing the Collateral before the release of such shares from the Collateral). Secured Party's obligation under the preceding sentence is subject to the further conditions precedent that (1) Debtor shall provide such written assurances and representations to Secured Party as Secured Party may reasonably request to ensure compliance with the conditions of the preceding sentence, and (2) Debtor furnishes to Secured Party an opinion of counsel reasonably acceptable to Secured Party that the contemplated sale of all or a specified portion of the Collateral (at the time and on the terms specified and otherwise consistent with this Section 20) will be in compliance with all applicable law and in compliance with all other agreements to which Debtor is a party or otherwise bound.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

"DEBTOR"	"SECURED PARTY"
	RED ROBIN GOURMET BURGERS, INC. a Delaware corporation
/s/ Michael E. Woods - ---------- Signature	
Michael E. Woods - ---------- Print Name	By: /s/ Michael J. Snyder ---------- Michael J. Snyder
999 S. Euclid Way - ---------- Address	Its: Chief Executive Officer & President ----------
Denver, CO 80209 - ---------- City, State, Zip Code	

STOCK POWER*

For value received, Michael E. Woods (the Debtor identified in the related Pledge Agreement), hereby sells, assigns and transfers to _____, an aggregate _____ shares of Common Stock, par value $0.001 per share, of Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Corporation"), represented by stock certificate number(s) _____ to which this instrument is attached, and hereby irrevocably constitutes and appoints the Secretary of the Corporation as his/her attorney in fact and agent to transfer such shares on the books of the Corporation with full

power of substitution in the premises.

Dated: _____

/s/ Michael E. Woods

Signature

Michael E. Woods

Print Name

_____
* Instructions: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Corporation to exercise its repurchase right set forth in the related Option Exercise Agreement and/or its rights under the Pledge Agreement without requiring additional signatures from the Debtor.

IRREVOCABLE PROXY

SECTION 1 - PROXY

The undersigned, the owner of 125,000 shares of restricted Common Stock, par value $0.001 per share, of Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Corporation"), hereby appoints the Board of Directors of the Corporation to be proxy agent ("Proxy Agent") for the undersigned, with full power of substitution, with respect to all of such shares of Common Stock of the Corporation ("Proxy Shares").

The Proxy Agent is authorized to vote all of the Proxy Shares on any matter submitted to a vote of stockholders of the Corporation at any stockholders meeting held on or after the date of this Proxy and prior to the termination of this Proxy.

The Proxy Agent is further authorized to execute documents on behalf of the undersigned with respect to the Proxy Shares consenting to the taking of any action to be taken by the stockholders of the Corporation without a meeting and to exercise any and all other rights of a stockholder of the Corporation on or after the date of this Proxy and prior to the termination of this Proxy.

Notwithstanding anything herein to the contrary, this Proxy may only be exercised by Proxy Agent if the undersigned defaults (beyond any applicable notice and/or grace or cure period) under that certain Secured Promissory Note of even date herewith in the stated principal amount of Two Hundred Fifty Thousand Dollars ($250,000.00) (the "Purchase Note") executed by the undersigned in favor of the Corporation, under that certain Pledge Agreement of even date herewith executed by the Corporation and the undersigned, or under that certain Option Exercise Agreement of even date herewith executed by the Corporation and the undersigned.

SECTION 2 - OUTSTANDING PROXIES

This Proxy revokes all proxies previously given by the undersigned to vote any of the Proxy Shares to any other person or entity.

SECTION 3 - IRREVOCABILITY

This Proxy is coupled with an interest and is irrevocable.

SECTION 4 - TERMINATION

This Proxy shall terminate upon the payment in full of the Purchase Note.

SECTION 5 - LEGEND

The undersigned agrees to immediately place a legend on the share certificates evidencing the Proxy Shares which reflects the existence of this Proxy.

Dated: April 25, 2002

Signature:/s/ Michael E. Woods

Print Name: Michael E. Woods

STATE OF COLORADO)
) ss.
COUNTY OF ARAPAHOE)

On April 25, 2002, before me, Kyle L. WhiteJohnson, Notary Public, personally appeared Michael E. Woods, personally known to me/proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person executed the instrument.

WITNESS my hand and official seal.

/s/ Kyle L. WhiteJohnson

NOTARY PUBLIC

[SEAL]

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the use in this Amendment No. 1 to Registration Statement No. 333-87044 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, and the fifth paragraph of Note 15, as to which the date is June 4, 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
June 7, 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,
June 6, 2002.