

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): **August 11, 2010**

RED ROBIN GOURMET BURGERS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

0-49916
(Commission file number)

84-1573084
(I.R.S. Employer
Identification Number)

6312 S. Fiddler's Green Circle, Suite 200N
Greenwood Village, Colorado
(Address of principal executive offices)

80111
(Zip Code)

Registrant's telephone number, including area code: **(303) 846-6000**

Not Applicable
(Former name or former address, if changed since last report)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.01 Entry into a Material Definitive Agreement

The information set forth under Items 3.03 and 5.02 of this Form 8-K are incorporated herein by reference.

ITEM 2.02 Results of Operations and Financial Condition

On August 12, 2010, Red Robin Gourmet Burgers, Inc. (the "Company") issued a press release describing selected financial results for the second fiscal quarter ended July 11, 2010. A copy of this press release reporting, among other things, the Company's second quarter earnings and the adoption of the Rights Agreement is attached as Exhibit 99.1 to this Form 8-K.

Other than as denoted in Item 8.01 of this Form 8-K, the information set forth in Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, regardless of any general incorporation language in such filing.

ITEM 3.03 Material Modification to Rights of Security Holders

On August 11, 2010, the Board of Directors ("Board") of the Company entered into a Rights Agreement with American Stock Transfer & Trust Company, LLC as the Rights Agent. The Rights Agreement sets forth the terms under which the Company would issue preferred share purchase rights (the "Rights"). In connection with the adoption of the Rights Agreement, the Board declared a dividend (the "Dividend") of one Right for each outstanding share of common stock, par value \$0.001 per share, payable on August 23, 2010 to holders of record on that date.

The Board has authorized the adoption of the Rights Agreement to protect stockholders from coercive or otherwise unfair takeover tactics. In general terms, the Rights will impose a significant penalty upon any person or group which acquires beneficial ownership of 15% or more of the Company's outstanding common stock without the prior approval of the Board. The Rights Agreement provides an exemption for any person who is, as of the date of the Rights Agreement, the beneficial owner of 15% or more of the Company's outstanding common stock, so long as such Person does not, subject to certain exceptions, acquire additional common stock of the Company. The Company, its subsidiaries, its employee benefit plans, and any entity holding common stock for or pursuant to the terms of any such plan will also be excepted. The Rights Agreement will not interfere with any merger or other business combination approved by the Board.

A summary of the material terms of the Rights Agreement follows. All capitalized terms not otherwise defined herein shall have the meaning given to such terms in the Rights Agreement. This description is qualified in its entirety by reference to the full text of the Rights Agreement attached as Exhibit 4.1 hereto.

The Rights. The Rights will initially trade with, and will be inseparable from, the Company's common stock. The Rights will be evidenced only by certificates that represent shares of common stock and not by separate certificates. New Rights will accompany any new

shares of common stock the Company issues after August 23, 2010, until the earlier of the Distribution Date described below or the redemption or the expiration of the Rights.

Exercise Price. Each Right will allow its holder to purchase from the Company one one-thousandth of a share of Series A Junior Participating Preferred Stock (a "Preferred Share") for \$110.00, once the Rights become exercisable. Each one-thousandth of a Preferred Share will give the stockholder approximately the same dividend, voting and liquidation rights as would one share of common stock. Prior to exercise, the Right does not give its holder any dividend, voting, or liquidation rights.

Exercisability. The Rights will not be exercisable until:

- 10 days after the public announcement that a person or group has become an "Acquiring Person" by obtaining beneficial ownership of 15% or more of the Company's outstanding common stock, or, if earlier,
- 10 business days (or a later date determined by the Board before any person or group becomes an Acquiring Person) after a person or group begins a tender or exchange offer which, if consummated, would result in that person or group becoming an Acquiring Person.

We refer to the date when the Rights become exercisable as the "Distribution Date." Until that date, the common stock certificates will also evidence the Rights, and any transfer of shares of common stock will constitute a transfer of Rights. After that date, the Rights will separate from the common stock and be evidenced by Rights certificates that we will mail to all eligible holders of common stock. Any Rights held by an Acquiring Person are void and may not be exercised.

Consequences of A Person or Group Becoming An Acquiring Person

- *Flip In.* If a person or group becomes an Acquiring Person, all holders of Rights except the Acquiring Person may, for \$110.00, purchase shares of the Company's common stock with a market value of \$220.00, based on the market price of the common stock prior to such acquisition.
- *Flip Over.* If the Company is later acquired in a merger or similar transaction after the Distribution Date, all holders of Rights except the Acquiring Person may, for \$110.00, purchase shares of the acquiring corporation with a market value of \$220.00, based on the market price of the acquiring corporation's stock prior to such merger.

Exempt Acquisition. The Board may determine that a purchaser of 15% or more of our outstanding common stock is not an Acquiring Person if it determines, prior to the completion of the acquisition, that the acquisition is in the stockholders' best interests.

Preferred Shares Provisions. Each one one-thousandth of a Preferred Share, if issued:

- will not be redeemable;

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- will entitle holders to quarterly dividend payments of \$0.001 per each one one-thousandth of a Preferred Share or an amount equal to the dividend paid on one share of common stock, whichever is greater;
 - will entitle holders upon liquidation either to receive \$1.00 per each one one-thousandth of a Preferred Share or an amount equal to the payment made on one share of common stock, whichever is greater;
 - will have the same voting power as one share of common stock; and
 - if shares of the Company's common stock are exchanged via merger, consolidation, or a similar transaction, will entitle holders to a per share payment equal to the payment made on one share of common stock.

The value of one one-thousandth interest in a Preferred Share should approximate the value of one share of common stock.

Expiration. The Rights Agreement terminates, and the Rights expire, on August 11, 2011.

Redemption. The Board shall have the right to redeem the Rights for \$0.001 per Right at any time before any person or group becomes an Acquiring Person. If the Board redeems any Rights, it must redeem all of the Rights. Once the Rights are redeemed, the only right of the holders of the Rights will be to receive the redemption price of \$0.001 per Right. The redemption price will be adjusted if the Company effects a stock split or stock dividend on the common stock of the Company.

Exchange. After a person or group becomes an Acquiring Person, but before an Acquiring Person owns 50% or more of the Company's outstanding common stock, the Board shall have the right to extinguish the Rights by exchanging one share of common stock or an equivalent security for each Right, other than Rights held by the Acquiring Person.

Anti-dilution Provisions. The Board shall have the right to adjust the purchase price of the Preferred Shares, the number of Preferred Shares issuable, and the number of outstanding Rights to prevent dilution that may occur from a stock dividend, a stock split or a reclassification of the Preferred Shares or common stock. No adjustments to the Exercise Price of less than 1% will be made.

Amendments. The terms of the Rights Agreement may be amended by the Board without the consent of the holders of the Rights. After a person or group becomes an Acquiring Person, the Board shall not have the right to amend the agreement in a way that adversely affects holders of the Rights.

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ITEM 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers

Appointment of Stephen E. Carley as Chief Executive Officer

The Company announced on August 12, 2010 that Stephen E. Carley, age 57, will be appointed as Chief Executive Officer of the Company and as a member of the Board, effective as of September 13, 2010, or such earlier date as may be agreed upon by the Company and Mr. Carley (the "Effective Date").

Mr. Carley has served from April 2001 to the present as the Chief Executive Officer of El Pollo Loco, a privately held restaurant company headquartered in Costa Mesa, California. Prior to his service at El Pollo Loco, Mr. Carley served in various management positions with several companies, including, PhotoPoint Corp., Universal

City Hollywood, PepsiCo and the Taco Bell Group. Mr. Carley holds a master's degree with a concentration in marketing from Northwestern University and a bachelor's degree in finance from the University of Illinois in Urbana, Ill.

Mr. Carley is not and has not been involved in any related party transactions with the Company and does not have any family relationships with any other director, executive officer or any persons nominated for such positions.

In connection with his appointment as the Company's Chief Executive Officer, the Company entered into an Employment Agreement with Mr. Carley dated as of August 11, 2010 (the "Employment Agreement"). Pursuant to the terms of the Employment Agreement, Mr. Carley will serve as the Company's Chief Executive Officer for an indefinite period of time until his employment is terminated in accordance with the terms of the Employment Agreement. The Employment Agreement provides, among other things, for the following:

- a starting base salary of \$700,000 annually, subject to certain adjustments from time to time as determined by the Board;
- a target annual bonus of 100% of base salary, based on the satisfaction of certain performance targets to be determined by the Board;
- annual equity awards, which are contingent on the attainment of certain performance criteria established with respect to such award by the Compensation Committee;
- a signing bonus of \$550,000;
- an agreement to issue equity as of the Effective Date consisting of: (a) performance-based restricted stock units having a target value of \$400,000, (b) non-qualified stock options having a grant date fair value of \$550,000, and (c) 20,000 time-vested restricted stock units;
- certain other benefits, including an annual car allowance, reimbursement of legal fees incurred by Mr. Carley in connection with the negotiation of the Employment

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Agreement, and the right to participate in all savings, retirement, medical, welfare and insurance plans and programs to the same extent as other senior executive employees of the Company; and

- reimbursement of certain relocation expenses incurred by Mr. Carley in an amount not to exceed \$425,000 including without limitation, brokerage commissions on the sale of his existing home, moving expenses, an interim housing allowance, and a tax gross-up for such relocation expenses.

The Employment Agreement provides that Mr. Carley is entitled to receive certain benefits upon termination of his employment. If the Company terminates Mr. Carley upon the occurrence of a Change in Control Event (as such term is defined in the Employment Agreement), Mr. Carley will receive, among other things, (a) a payment in an amount equal to two times the sum of (x) his annual base salary at such time, plus (y) the highest annual bonus amount earned for his performance in the last three completed calendar years prior to the Change in Control Event; (b) his pro rata share of the annual bonus that would otherwise have been earned and be payable had he continued to be employed by the Company; and (c) coverage under the Company's medical, dental and prescription insurance plans for the 18-month period following the date of termination.

Upon either Mr. Carley's termination by the Company without cause, or by Mr. Carley for good reason (each term as defined in the Employment Agreement), Mr. Carley will receive, among other things, (a) a severance payment equal to two times his annual base salary; (b) his pro rata share of the annual bonus that would otherwise have been earned and be payable had he continued to be employed by the Company; and (c) coverage under the Company's medical, dental and prescription insurance plans for the 18-month period following the date of termination.

The Employment Agreement contains confidentiality, non-compete and non-interference covenants from Mr. Carley, including a 12-month covenant not to compete with the Company and its subsidiaries in the casual dining restaurant business; provided that, the non-compete covenant extends for a period of 24-months with respect to certain competitors of the Company and any "fast casual" burger concept.

The foregoing description of the Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Employment Agreement, which is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

Departure of Dennis B. Mullen

On August 12, 2010, in connection with the appointment of Mr. Carley as the Company's new Chief Executive Officer, the Company also announced the termination of Dennis B. Mullen's employment with the Company. Such termination will be effective as of the close of business on the Effective Date. As of the Effective Date, Mr. Mullen will also resign as a director of the Company and as a director, officer, and employee of the Company's subsidiaries.

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In connection with Mr. Mullen's termination, the Company and Mr. Mullen entered into a separation agreement, dated as of August 11, 2010 (the "Separation Agreement"). Pursuant to the terms of the Separation Agreement, the Company has agreed to pay to Mr. Mullen (i) his current annual base salary of \$800,000 over the twelve-month period beginning on the Effective Date; and (ii) a cash payment in the amount of \$53,333 (such amount representing the pro rata share of the bonus that would have otherwise been payable to Mr. Mullen on the next bonus payment date). The Company will also pay the premiums for Mr. Mullen's continued coverage under the Company's group medical, dental and prescription coverage for up to 12 months following the Effective Date. In addition, on the Effective Date and pursuant to the terms of applicable award agreements, 75,000 shares of restricted stock granted to Mr. Mullen on August 17, 2007 (25,000 shares) and August 15, 2008 (50,000 shares) will vest in full.

Under the terms of the Separation Agreement, Mr. Mullen has agreed to provide consulting services to the Company's Board of Directors for a period of nine months following the Effective Date (the "Consulting Term"). During the Consulting Term, Mr. Mullen is required to provide no more than 20% of the average level of bona fide services performed by Mr. Mullen during the 36-month period immediately preceding the date of the Separation Agreement. In exchange for such consulting services, the Company will pay Mr. Mullen a monthly fee of \$9,333 during the Consulting Term, together with the continued use of certain Company benefits.

The foregoing description of the Separation Agreement does not purport to be complete and is qualified in its entirety by reference to the Separation Agreement which is attached hereto as Exhibit 10.2 and incorporated herein by reference.

ITEM 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

In connection with the adoption of the Rights Agreement referred to in Item 3.03 of this Form 8-K, on August 11, 2010 the Company filed with the Secretary of State of the State of Delaware a Certificate of Designations of Series A Junior Participating Preferred Stock, whereby the Company authorized 16,710 shares of its authorized preferred stock to be designated as Series A Junior Participating Preferred Stock, \$0.001 par value per share, and set forth the rights, voting powers, preferences,

qualifications, limitations and restrictions of the Series A Junior Participating Preferred Stock. A brief description of the rights, voting powers, preferences, qualifications, limitations and restrictions of the Series A Junior Participating Preferred Stock is set forth in Item 3.03 of this Current Report on Form 8-K and is incorporated herein by reference.

The foregoing description of the Certificate of Designations does not purport to be complete and is qualified in its entirety by reference to the Certificate of Designations which is attached hereto as Exhibit 3.1 and incorporated herein by reference.

ITEM 8.01 Other Events

On August 12, 2010, the Company announced that it extended its previously announced share repurchase plan to December 31, 2011. The Company is authorized to repurchase shares of common stock up to \$50 million in the aggregate.

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The information with respect to adoption of the Rights Agreement and extension of the share purchase plan contained in the section entitled "Other Events" in the press release attached hereto as Exhibit 99.1 is hereby incorporated by reference into this Item 8.01. All other information contained in the press release attached hereto as Exhibit 99.1 shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, regardless of any general incorporation language in such filing.

On August 12, 2010, the Company issued a second press release attached as Exhibit 99.2 to this Form 8-K reporting the appointment of Mr. Carley as the Company's Chief Executive Officer and Mr. Mullen's termination as the Company's Chief Executive Officer. The press release attached to this Form 8-K as Exhibit 99.2 is hereby incorporated by reference in its entirety into this Item 8.01.

ITEM 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
3.1	Certificate of Designations of Series A Junior Participating Preferred Stock, dated August 11, 2010.
4.1	Rights Agreement by and between Red Robin Gourmet Burgers, Inc. and American Stock Transfer & Trust Company, LLC, dated August 11, 2010.
10.1	Employment Agreement by and between Red Robin Gourmet Burgers, Inc. and Stephen E. Carley, dated August 11, 2010.
10.2	Separation Agreement by and between Red Robin Gourmet Burgers, Inc. and Dennis B. Mullen, dated August 11, 2010.
99.1	Red Robin Gourmet Burgers, Inc. Press Release dated August 12, 2010.
99.2	Red Robin Gourmet Burgers, Inc. Press Release dated August 12, 2010.

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SIGNATURE

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

Date: August 12, 2010

RED ROBIN GOURMET BURGERS, INC.

By: /s/ Annita M. Menogan
Name: Annita M. Menogan
Title: Chief Legal Officer

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EXHIBIT INDEX

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99.2	Red Robin Gourmet Burgers, Inc. Press Release dated August 12, 2010.

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CERTIFICATE OF DESIGNATIONS

of

SERIES A JUNIOR PARTICIPATING PREFERRED STOCK

of

RED ROBIN GOURMET BURGERS, INC.

(Pursuant to Section 151 of the
Delaware General Corporation Law)

Red Robin Gourmet Burgers, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (hereinafter called the "Corporation"), hereby certifies that the following resolution was adopted by the Board of Directors of the Corporation as required by Section 151 of the General Corporation Law at a meeting duly called and held on August 11, 2010:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors of this Corporation (hereinafter called the "Board of Directors" or the "Board") in accordance with the provisions of the Certificate of Incorporation, the Board of Directors hereby creates a series of Preferred Stock, par value \$0.001 per share, of the Corporation (the "Preferred Stock"), and hereby states the designation and number of shares, and fixes the relative rights, preferences, and limitations thereof as follows:

Series A Junior Participating Preferred Stock:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" (the "Series A Preferred Stock") and the number of shares constituting the Series A Preferred Stock shall be 16,710. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series A Preferred Stock.

Section 2. Dividends and Distributions.

(A) Subject to the rights of the holders of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred Stock, in preference to the holders of Common Stock, par value \$0.001 per share (the "Common Stock"), of the Corporation, and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and

December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$1 or (b) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$1 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution

declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or

otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in any other Certificate of Designations creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) Except as set forth herein, or as otherwise provided by law, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which

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dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Certificate of Incorporation, or in any other Certificate of Designations creating a series of Preferred Stock or any similar stock or as otherwise required by law.

Section 6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received \$1,000 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Series A Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on the

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Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, Etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series A Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Series A Preferred Stock shall not be redeemable.

Section 9. Rank. The Series A Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of the Corporation's Preferred Stock.

Section 10. Amendment. The Certificate of Incorporation of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock, voting together as a single class.

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IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its Senior Vice President and Chief Legal Officer this 11th day of August, 2010.

/s/ Annita M. Menogan

Annita M. Menogan, Senior Vice President and Chief Legal Officer

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RED ROBIN GOURMET BURGERS, INC.

and

AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC

RIGHTS AGREEMENT

Dated as of August 11, 2010

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This Rights Agreement, dated as of August 11, 2010, is by and between Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Company"), and American Stock Transfer & Trust Company, LLC, a New York limited liability company, as rights agent (the "Rights Agent").

WHEREAS, the Board of Directors of the Company desires to provide stockholders of the Company with the opportunity to benefit from the long-term prospects and value of the Company to ensure that stockholders of the Company receive fair and equal treatment in the event of any proposed takeover of the Company;

WHEREAS, the Board of Directors of the Company has authorized and declared a dividend of one preferred share purchase right (a "Right") for each Common Share (as hereinafter defined) of the Company outstanding on August 23, 2010 (the "Record Date"), each Right representing the right to purchase one one-thousandth of a Preferred Share (as hereinafter defined), upon the terms and subject to the conditions herein set forth, and has further authorized and directed the issuance of one Right with respect to each Common Share that shall become outstanding between the Record Date and the earliest of the Distribution Date, the Redemption Date and the Final Expiration Date (as such terms are hereinafter defined); and

WHEREAS, the Company desires to appoint the Rights Agent to act as rights agent hereunder, in accordance with the terms and conditions hereof.

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

Section 1. Definitions. For purposes of this Agreement, the following terms have the meanings indicated:

(a) "Acquiring Person" shall mean any Person who or which, together with all Affiliates and Associates of such Person, shall be the Beneficial Owner of 15% or more of the Common Shares of the Company then outstanding, but shall not include (i) the Company, (ii) any Subsidiary of the Company, (iii) any employee benefit plan of the Company or any Subsidiary of the Company or any entity holding Common Shares for or pursuant to the terms of any such plan or (iv) any Person who becomes the Beneficial Owner of 15% or more of the Common Shares of the Company then outstanding as a result of an Exempt Acquisition (as such term is hereinafter defined), provided that such Person or such Person's Affiliates or Associates does not subsequently, at any time while the Beneficial Owner of 15% or more of the Common Shares of the Company then outstanding, acquire Beneficial Ownership of additional Common Shares of the Company (except pursuant to a subsequent Exempt Acquisition or upon the exercise of any Rights hereunder or pursuant to a stock dividend or distribution or similar action by the Company) or (v) any Person who is, as of the date of this Agreement, the Beneficial Owner of 15% or more of the Common Shares of the Company then outstanding, but only so long as such Person thereafter does not, at any time while the Beneficial Owner of 15% or more of the Common Shares of the Company then outstanding, acquire Beneficial Ownership of any additional Common Shares (other than upon the exercise of any rights hereunder or pursuant to a stock dividend or distribution or similar action by the Company or pursuant to an Exempt Acquisition) in an aggregate amount exceeding one percent of the then outstanding number of Common Shares; provided, however, that a Person excluded from the definition of Acquiring Person pursuant to clause (iv) or (v) shall cease to be so excluded immediately at such time as such Person ceases to be the Beneficial Owner of 15% or more of the Common Shares of the Company then outstanding. Notwithstanding the foregoing, no Person shall become an

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"Acquiring Person" solely as the result of an acquisition of Common Shares by the Company which, by reducing the number of Common Shares of the Company outstanding, increases the proportionate number of Common Shares of the Company beneficially owned by such Person to 15% or more of the Common Shares of the Company then outstanding; provided, however, that, if a Person shall become the Beneficial Owner of 15% or more of the Common Shares of the Company then outstanding by reason of share purchases by the Company and shall, after such share purchases by the Company, become the Beneficial Owner of any additional Common Shares of the Company, then such Person shall be deemed to be an "Acquiring Person." Notwithstanding the foregoing, if the Board of Directors of the Company determines in good faith that a Person who would otherwise be an "Acquiring Person," as defined pursuant to the foregoing provisions of this paragraph (a), has become such inadvertently, and such Person divests as promptly as practicable a sufficient number of Common Shares so that such Person would no longer be an "Acquiring Person," as defined pursuant to the foregoing provisions of this paragraph (a), then such Person shall not be deemed to be an "Acquiring Person" for any purposes of this Agreement.

(b) "Affiliate" and "Associate" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Exchange Act as in effect on the date of this Agreement.

(c) A Person shall be deemed the "Beneficial Owner" of and shall be deemed to "beneficially own" any securities:

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(i) which such Person or any of such Person's Affiliates or Associates, directly or indirectly, beneficially owns (as determined pursuant to Rule 13d-3 of the Rules under the Exchange Act, as in effect on the date of this Agreement);

(ii) which such Person or any of such Person's Affiliates or Associates has:

(A) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (whether or not in writing) (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities), or upon the exercise of conversion rights, exchange rights, rights (other than these Rights), warrants or options, or otherwise; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange; or

(B) the right to vote pursuant to any agreement, arrangement or understanding (whether or not in writing); provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, any security if the agreement, arrangement or understanding to vote such security (1) arises solely from a revocable proxy or consent given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations promulgated under the Exchange Act or any comparable applicable legislation and (2) is not also then reportable on Schedule 13D or 13G under the Exchange Act (or any comparable or successor report); or

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(C) the right to dispose pursuant to any agreement, arrangement or understanding (whether or not in writing) (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities).

(iii) which are beneficially owned, directly or indirectly, by any other Person with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding (whether or not in writing) (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities) for the purpose of acquiring, holding, voting (except to the extent contemplated by the proviso to Section 1(c)(ii) (B) hereof) or disposing of any securities of the Company.

Notwithstanding the foregoing, (1) no Person engaged in business as an underwriter of securities shall be deemed the Beneficial Owner of any securities acquired through such Person's participation as an underwriter in good faith in a firm commitment underwriting until the expiration of forty (40) days after the date of such acquisition, and (2) no Person who is a director or an officer of the Company shall be deemed, as a result of his or her position as director or officer of the Company, the Beneficial Owner of any securities of the Company that are Beneficially Owned by any other director or officer of the Company.

For all purposes of this Agreement, the phrase "then outstanding," when used with reference to a Person's Beneficial Ownership of securities of the Company, shall mean the number of such securities then issued and outstanding together with the number of such securities not then actually issued and outstanding which such Person would be deemed to own beneficially hereunder.

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(d) "Business Day" shall mean any day other than a Saturday, a Sunday, or a day on which banking institutions in New York State are authorized or obligated by law or executive order to close.

(e) "Close of Business" on any given date shall mean 5:00 P.M., New York, New York time, on such date; provided, however, that, if such date is not a Business Day, it shall mean 5:00 P.M., New York, New York time, on the next succeeding Business Day.

(f) "Common Shares" when used with reference to the Company shall mean the shares of common stock, par value \$0.001 per share, of the Company. "Common Shares" when used with reference to any Person other than the Company shall mean the capital stock (or equity interest) with the greatest voting power of such other Person or, if such other Person is a Subsidiary of another Person, the Person or Persons which ultimately control such first-mentioned Person.

(g) "Distribution Date" shall have the meaning set forth in Section 3(a) hereof.

(h) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(i) "Exchange Ratio" shall have the meaning set forth in Section 24(a) hereof.

(j) "Exempt Acquisition" shall mean an acquisition of Common Shares of the Company in respect of which the Board of Directors has determined in advance of the completion of the acquisition and the execution of any definitive agreement related thereto that the Person acquiring Common Shares of the Company in the acquisition who would otherwise be

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an "Acquiring Person" as defined above, should not be deemed an "Acquiring Person" because the acquisition is in the best interests of the Company's stockholders.

(k) "Final Expiration Date" shall have the meaning set forth in Section 7(a) hereof.

(l) "NASDAQ" shall mean the National Association of Securities Dealers, Inc. Automated Quotation System.

(m) "Person" shall mean any individual, firm, corporation or other entity, and shall include any successor (by merger or otherwise) of such entity.

(n) "Preferred Shares" shall mean shares of Series A Junior Participating Preferred Stock, par value \$0.001 per share, of the Company having the rights and preferences set forth in the Form of Certificate of Designations attached to this Agreement as Exhibit A.

(o) "Purchase Price" shall have the meaning set forth in Section 4 hereof.

(p) "Record Date" shall have the meaning set forth in the second paragraph hereof.

(q) "Redemption Date" shall have the meaning set forth in Section 7(a) hereof.

(r) "Redemption Price" shall have the meaning set forth in Section 23(a) hereof.

- (s) “Right” shall have the meaning set forth in the second paragraph hereof.

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- (t) “Right Certificate” shall have the meaning set forth in Section 3(a) hereof.

(u) “Shares Acquisition Date” shall mean the first date of public announcement by the Company or an Acquiring Person that an Acquiring Person has become such.

(v) “Subsidiary” of any Person shall mean any corporation or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by such Person.

- (w) “Summary of Rights” shall have the meaning set forth in Section 3(b) hereof.

- (x) “Trading Day” shall have the meaning set forth in Section 11(d) hereof.

Section 2. Appointment of Rights Agent. The Company hereby appoints the Rights Agent to act as agent for the Company in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint such co-Rights Agents as it may deem necessary or desirable. The Rights Agent shall have no duty to supervise, and in no event shall be liable for the acts or omissions of any such co-Rights Agent.

Section 3. Issue of Right Certificates. (a) Until the earlier of (i) the tenth day after the Shares Acquisition Date or (ii) the tenth Business Day (or such later date as may be determined by action of the Board of Directors of the Company prior to such time as any Person becomes an Acquiring Person) after the date of the commencement by any Person (other than the Company, any Subsidiary of the Company, any employee benefit plan of the Company or of any

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Subsidiary of the Company or any entity holding Common Shares of the Company for or pursuant to the terms of any such plan) of a tender or exchange offer the consummation of which would result in any Person becoming the Beneficial Owner of Common Shares of the Company aggregating 15% or more of the then outstanding Common Shares of the Company except pursuant to an Exempt Acquisition (including any such date which is after the date of this Agreement and prior to the issuance of the Rights; the earlier of such dates being herein referred to as the “Distribution Date”), (x) the Rights will be evidenced (subject to the provisions of Section 3(b) hereof) by the certificates for Common Shares of the Company registered in the names of the holders thereof (which certificates shall also be deemed to be Right Certificates) and not by separate Right Certificates, and (y) the right to receive Right Certificates will be transferable only in connection with the transfer of Common Shares of the Company. As soon as practicable after the Distribution Date, the Company will prepare and execute, the Rights Agent will countersign, and the Company will send or cause to be sent (and the Rights Agent will, if requested and provided with the necessary information, send) by first-class, insured, postage-prepaid mail, to each record holder of Common Shares of the Company as of the Close of Business on the Distribution Date, at the address of such holder shown on the records of the Company, a Right Certificate, in substantially the form of Exhibit B hereto (a “Right Certificate”), evidencing one Right for each Common Share so held. As of the Distribution Date, the Rights will be evidenced solely by such Right Certificates.

(b) On the Record Date, or as soon as practicable thereafter, the Company will send a copy of a Summary of Rights to Purchase Preferred Shares, in substantially the form of Exhibit C hereto (the “Summary of Rights”), by first-class, postage-prepaid mail, to each record holder of Common Shares as of the Close of Business on the Record Date, at the address of such

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holder shown on the records of the Company. With respect to certificates for Common Shares of the Company outstanding as of the Record Date, until the Distribution Date, the Rights will be evidenced by such certificates registered in the names of the holders thereof together with a copy of the Summary of Rights attached thereto. Until the Distribution Date (or the earlier of the Redemption Date or the Final Expiration Date), the surrender for transfer of any certificate for Common Shares of the Company outstanding on the Record Date, with or without a copy of the Summary of Rights attached thereto, shall also constitute the transfer of the Rights associated with the Common Shares of the Company represented thereby.

(c) Certificates for Common Shares which become outstanding (including, without limitation, reacquired Common Shares referred to in the last sentence of this paragraph (c)) after the Record Date but prior to the earliest of the Distribution Date, the Redemption Date or the Final Expiration Date shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

This certificate also evidences and entitles the holder hereof to certain Rights as set forth in the Rights Agreement between Red Robin Gourmet Burgers, Inc. (the “Company”) and American Stock Transfer & Trust Company, LLC (the “Rights Agent”), dated as of August 11, 2010, as it may be amended from time to time (the “Rights Agreement”), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal offices of the Company. Under certain circumstances, as set forth in the Rights Agreement, such Rights will be evidenced by separate certificates and will no longer be evidenced by this certificate. The Company will mail to the holder of this certificate a copy of the Rights Agreement, as in effect on the date of mailing, without charge promptly after receipt of a written request therefor. As set forth in the Rights Agreement, Rights beneficially owned by any Person (as defined in the Rights Agreement) who becomes an Acquiring Person (as defined in the Rights Agreement) become null and void.

With respect to such certificates containing the foregoing legend, until the Distribution Date, the Rights associated with the Common Shares of the Company represented by such certificates

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shall be evidenced by such certificates alone, and the surrender for transfer of any such certificate shall also constitute the transfer of the Rights associated with the Common Shares of the Company represented thereby. In the event that the Company purchases or acquires any Common Shares of the Company after the Record Date but prior to the Distribution Date, any Rights associated with such Common Shares of the Company shall be deemed cancelled and retired so that the Company shall not be entitled to exercise any Rights associated with the Common Shares of the Company which are no longer outstanding.

(d) Any Right Certificate representing Rights beneficially owned by any Person referred to in Section 7(e)(i), 7(e)(ii) or 7(e)(iii) shall (to the extent feasible) contain a legend in substantially the following form:

The Rights represented by this certificate are or were beneficially owned by a Person who was or became an Acquiring Person or an Affiliate or Associate of an Acquiring Person (as such terms are defined in the Rights Agreement). This certificate and the Rights represented hereby may be or may become null and void in the circumstances specified in Section 7(e) of such Rights Agreement.

Section 4. Form of Right Certificates. The Right Certificates (and the forms of election to purchase Preferred Shares and of assignment to be printed on the reverse thereof) shall be substantially the same as Exhibit B hereto, and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate (but which do not affect the duties, rights or responsibilities of the Rights Agent) and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any applicable law or with any applicable rule or regulation made pursuant thereto or with any applicable rule or regulation of any governmental authority, stock exchange, securities commission, the Financial Industry Regulatory Authority, or similar authority, or to conform to usage. Subject to the provisions of Section 22 hereof, the Right Certificates shall

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entitle the holders thereof to purchase such number of one one-thousandths of a Preferred Share as shall be set forth therein at the price per one one-thousandth of a Preferred Share set forth therein (the "Purchase Price"), but the number of such one one-thousandths of a Preferred Share and the Purchase Price shall be subject to adjustment as provided herein.

Section 5. Countersignature and Registration. The Right Certificates shall be executed on behalf of the Company by its Chair of the Board, its Chief Executive Officer, its President, any of its Vice Presidents or its Treasurer, either manually or by facsimile signature, shall have affixed thereto the Company's seal or a facsimile thereof, and shall be attested by the Secretary or an Assistant Secretary of the Company, either manually or by facsimile signature. The Right Certificates shall be manually countersigned by the Rights Agent and shall not be valid for any purpose unless countersigned. In case any officer of the Company who shall have signed any of the Right Certificates shall cease to be such officer of the Company before countersignature by the Rights Agent and issuance and delivery by the Company, such Right Certificates, nevertheless, may be countersigned by the Rights Agent and issued and delivered by the Company with the same force and effect as though the individual who signed such Right Certificates had not ceased to be such officer of the Company; and any Right Certificate may be signed on behalf of the Company by any individual who, at the actual date of the execution of such Right Certificate, shall be a proper officer of the Company to sign such Right Certificate, although at the date of the execution of this Agreement any such individual was not such an officer.

Following the Distribution Date, and receipt by the Rights Agent of all necessary information, the Rights Agent will keep or cause to be kept, at its office designated for such purpose (the "Designated Office"), books for registration and transfer of the Right Certificates

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issued hereunder. Such books shall show the names and addresses of the respective holders of the Right Certificates, the number of Rights evidenced on its face by each of the Right Certificates and the date of each of the Right Certificates.

Section 6. Transfer, Split Up, Combination and Exchange of Right Certificates; Mutilated, Destroyed, Lost or Stolen Right Certificates Subject to the provisions of Section 14 hereof, at any time after the Close of Business on the Distribution Date, and at or prior to the Close of Business on the earlier of the Redemption Date or the Final Expiration Date, any Right Certificate or Right Certificates (other than Right Certificates representing Rights that have become void pursuant to Section 11(a)(ii) hereof or that have been exchanged pursuant to Section 24 hereof) may be transferred, split up, combined or exchanged for another Right Certificate or Right Certificates entitling the registered holder to purchase a like number of one one-thousandths of a Preferred Share as the Right Certificate or Right Certificates surrendered then entitled such holder to purchase. Any registered holder desiring to transfer, split up, combine or exchange any Right Certificate or Right Certificates shall make such request in writing delivered to the Rights Agent, and shall surrender the Right Certificate or Right Certificates to be transferred, split up, combined or exchanged at the Designated Office of the Rights Agent. Thereupon the Rights Agent shall countersign and deliver to the Person entitled thereto a Right Certificate or Right Certificates, as the case may be, as so requested. The Company may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer, split up, combination or exchange of Right Certificates. The Rights Agent shall have no duty or obligation under this Section 6 unless and until it is reasonably satisfied that all such taxes and/or charges have been paid.

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Upon receipt by the Company and the Rights Agent of evidence reasonably satisfactory to them of the loss, theft, destruction or mutilation of a Right Certificate, and, in case of loss, theft or destruction, of indemnity or security satisfactory to them, and, at the Company's request, reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, and upon surrender to the Rights Agent and cancellation of the Right Certificate if mutilated, the Company will make and deliver a new Right Certificate of like tenor to the Rights Agent for delivery to the registered holder in lieu of the Right Certificate so lost, stolen, destroyed or mutilated.

Section 7. Exercise of Rights; Purchase Price; Expiration Date of Rights. (a) The registered holder of any Right Certificate may exercise the Rights evidenced thereby (except as otherwise provided herein), in whole or in part, at any time after the Distribution Date, upon surrender of the Right Certificate, with the form of election to purchase on the reverse side thereof properly and duly executed, to the Rights Agent at the Designated Office of the Rights Agent, together with payment of the Purchase Price for each one one-thousandth of a Preferred Share as to which the Rights are exercised, at or prior to the earliest of (i) the Close of Business on August 11, 2011 (the "Final Expiration Date"), (ii) the time at which the Rights are redeemed as provided in Section 23 hereof (the "Redemption Date"), or (iii) the time at which such Rights are exchanged as provided in Section 24 hereof.

(b) The Purchase Price for each one one-thousandth of a Preferred Share purchasable pursuant to the exercise of a Right shall initially be \$110.00, and shall be subject to adjustment from time to time as provided in Section 11 or 13 hereof, and shall be payable in lawful money of the United States of America in accordance with paragraph (c) below.

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(c) Upon receipt of a Right Certificate representing exercisable Rights, with the form of election to purchase properly and duly executed, accompanied by payment of the Purchase Price for the shares to be purchased and an amount equal to any applicable tax or charge required to be paid by the holder of such Right Certificate in accordance with Section 9 hereof by certified check, cashier's check or money order payable to the order of the Company, the Rights Agent shall thereupon promptly (i) (A) requisition from any transfer agent of the Preferred Shares certificates for the number of Preferred Shares to be purchased and the Company hereby irrevocably authorizes any such transfer agent to comply with all such requests, or (B) requisition from the depository agent depository receipts representing such number of one one-thousandths of a Preferred Share as are to be purchased (in which case certificates for the Preferred Shares represented by such receipts shall be deposited by the transfer agent of the Preferred Shares with such depository agent) and the Company hereby directs such depository agent to comply with such request; (ii) when appropriate,

requisition from the Company the amount of cash to be paid in lieu of issuance of fractional shares in accordance with Section 14 hereof; (iii) promptly after receipt of such certificates or depositary receipts, cause the same to be delivered to or upon the order of the registered holder of such Right Certificate, registered in such name or names as may be designated by such holder; and (iv) when appropriate, after receipt, promptly deliver such cash to or upon the order of the registered holder of such Right Certificate.

(d) In case the registered holder of any Right Certificate shall exercise less than all the Rights evidenced thereby, a new Right Certificate evidencing Rights equivalent to the Rights remaining unexercised shall be issued by the Rights Agent to the registered holder of

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such Right Certificate or to such holder's duly authorized assigns, subject to the provisions of Section 14 hereof.

(e) Notwithstanding anything in this Agreement to the contrary, any Rights that are at any time beneficially owned by (i) an Acquiring Person or any Associate or Affiliate of an Acquiring Person, (ii) a transferee of an Acquiring Person (or of any Associate or Affiliate of an Acquiring Person) who becomes a transferee after the Acquiring Person becomes such or (iii) a transferee of an Acquiring Person (or of any Associate or Affiliate of an Acquiring Person) who becomes a transferee prior to or concurrently with the Acquiring Person becoming such and receives such Rights pursuant to either (A) a transfer (whether or not for consideration) from the Acquiring Person to holders of equity interests in such Acquiring Person or to any Person with whom the Acquiring Person has any continuing agreement, arrangement or understanding regarding the transferred Rights, the Common Shares of the Company associated with such Rights or the Company, or (B) a transfer which the Board of Directors has determined is part of a plan, arrangement or understanding which has as a primary purpose or effect the avoidance of this Section 7(e), shall be null and void without any further action and no holder of such Rights shall have any rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The Company shall use all reasonable efforts to ensure that the provisions of this Section 7(e) and Section 3(d) of this Agreement are complied with, but shall have no liability to any holder of Right Certificates or other Person as a result of its failure to make any determinations with respect to an Acquiring Person or any Affiliates or Associates of an Acquiring Person or any transferee of any of them hereunder.

(f) Notwithstanding anything in this Agreement to the contrary, neither the Rights Agent nor the Company shall be obligated to undertake any action with respect to a

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registered holder of Rights or other securities upon the occurrence of any purported exercise as set forth in this Section 7 unless such registered holder shall have (i) properly completed and duly executed the certificate contained in the form of election to purchase set forth on the reverse side of the Right Certificate surrendered for such exercise, and (ii) provided such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) or Affiliates or Associates thereof as the Company shall reasonably request.

Section 8. Cancellation and Destruction of Right Certificates. All Right Certificates surrendered for the purpose of exercise, transfer, split up, combination or exchange shall, if surrendered to the Company or to any of its agents, be delivered to the Rights Agent for cancellation or in cancelled form, or, if surrendered to the Rights Agent, shall be cancelled by it, and no Right Certificates shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Agreement. The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall so cancel and retire, any other Right Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. The Rights Agent shall deliver all cancelled Right Certificates to the Company, or shall, at the written request of the Company, destroy such cancelled Right Certificates, and, in such case, shall deliver a certificate of destruction thereof to the Company.

Section 9. Availability of Preferred Shares. The Company covenants and agrees that it will cause to be reserved and kept available out of its authorized and unissued Preferred Shares or any Preferred Shares held in its treasury the number of Preferred Shares that will be sufficient to permit the exercise in full of all outstanding Rights in accordance with Section 7 hereof. The Company covenants and agrees that it will take all such action as may be necessary to ensure that all Preferred Shares delivered upon exercise of Rights shall, at the time

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of delivery of the certificates for such Preferred Shares (subject to payment of the Purchase Price), be duly and validly authorized and issued and fully paid and nonassessable shares.

The Company further covenants and agrees that it will pay when due and payable any and all taxes and charges which may be payable in respect of the issuance or delivery of the Right Certificates or of any Preferred Shares upon the exercise of Rights. The Company shall not, however, be required to pay any tax or charge which may be payable in respect of any transfer or delivery of Right Certificates to a Person other than, or the issuance or delivery of certificates or depositary receipts for the Preferred Shares in a name other than that of, the registered holder of the Right Certificate evidencing Rights surrendered for exercise or to issue or to deliver any certificates or depositary receipts for Preferred Shares upon the exercise of any Rights until any such tax or charge shall have been paid (any such tax or charge being payable by the holder of such Right Certificate at the time of surrender) or until it has been established to the Company's reasonable satisfaction that no such tax or charge is due.

Section 10. Preferred Shares Record Date. Each Person in whose name any certificate for Preferred Shares is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Preferred Shares represented thereby on, and such certificate shall be dated, the date upon which the Right Certificate evidencing such Rights was duly surrendered and payment of the Purchase Price (and any applicable tax or charge) was made; provided, however, that, if the date of such surrender and payment is a date upon which the Preferred Shares transfer books of the Company are closed, such Person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding Business Day on which the Preferred Shares transfer books of the Company are open. Prior to the exercise of the Rights evidenced thereby, the holder of a Right Certificate

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shall not be entitled to any rights of a holder of Preferred Shares for which the Rights shall be exercisable, including, without limitation, the right to vote, to receive dividends or other distributions or to exercise any preemptive rights, and shall not be entitled to receive any notice of any proceedings of the Company, except as provided herein.

Section 11. Adjustment of Purchase Price, Number of Shares or Number of Rights. The Purchase Price, the number of Preferred Shares covered by each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 11.

(a) (i) In the event the Company shall at any time after the date of this Agreement (A) declare a dividend on the Preferred Shares payable in Preferred Shares, (B) subdivide the outstanding Preferred Shares, (C) combine the outstanding Preferred Shares into a smaller number of Preferred Shares or (D) issue any shares of its capital stock in a reclassification of the Preferred Shares (including any such reclassification in connection with a consolidation or merger in which the Company is the

continuing or surviving corporation), except as otherwise provided in this Section 11(a), the Purchase Price in effect at the time of the record date for such dividend or of the effective date of such subdivision, combination or reclassification, and the number and kind of shares of capital stock issuable on such date, shall be proportionately adjusted so that the holder of any Right exercised after such time shall be entitled to receive the aggregate number and kind of shares of capital stock which, if such Right had been exercised immediately prior to such date and at a time when the Preferred Shares transfer books of the Company were open, such holder would have owned upon such exercise and been entitled to receive by virtue of such dividend, subdivision, combination or reclassification; provided, however, that in no event shall the consideration to be paid upon the exercise of one Right be

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less than the aggregate par value of the shares of capital stock of the Company issuable upon exercise of one Right.

(ii) Subject to Section 24 hereof, in the event any Person becomes an Acquiring Person, each holder of a Right shall thereafter have a right to receive, upon exercise thereof at a price equal to the then current Purchase Price multiplied by the number of one one-thousandths of a Preferred Share for which a Right is then exercisable, in accordance with the terms of this Agreement and in lieu of Preferred Shares, such number of Common Shares of the Company as shall equal the result obtained by (A) multiplying the then current Purchase Price by the number of one one-thousandths of a Preferred Share for which a Right is then exercisable and dividing that product by (B) 50% of the then current per share market price of the Common Shares of the Company (determined pursuant to Section 11(d) hereof) on the date of the occurrence of such event. In the event that any Person shall become an Acquiring Person and the Rights shall then be outstanding, the Company shall not take any action which would eliminate or diminish the benefits intended to be afforded by the Rights.

From and after the occurrence of such event, any Rights that are or were acquired or beneficially owned by any Acquiring Person (or any Associate or Affiliate of such Acquiring Person) shall be null and void, and any holder of such Rights shall thereafter have no right to exercise such Rights under any provision of this Agreement. No Right Certificate shall be issued pursuant to Section 3 hereof that represents Rights beneficially owned by an Acquiring Person whose Rights would be null and void pursuant to the preceding sentence or any Associate or Affiliate thereof; no Right Certificate shall be issued at any time upon the transfer of any Rights to an Acquiring Person whose Rights would be null and void pursuant to the preceding sentence or any Associate or Affiliate thereof or to any nominee of such Acquiring Person, Associate or

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Affiliate; and any Right Certificate delivered to the Rights Agent for transfer to an Acquiring Person whose Rights would be null and void pursuant to the preceding sentence shall be cancelled.

(iii) In the event that there shall not be sufficient Common Shares issued but not outstanding or authorized but unissued to permit the exercise in full of the Rights in accordance with subparagraph (ii) above, the Company shall take all such action as may be necessary to authorize additional Common Shares for issuance upon exercise of the Rights. In the event the Company shall, after good faith effort, be unable to take all such action as may be necessary to authorize such additional Common Shares, the Company shall substitute, for each Common Share that would otherwise be issuable upon exercise of a Right, a number of Preferred Shares or fraction thereof such that the current per share market price of one Preferred Share multiplied by such number or fraction is equal to the current per share market price of one Common Share as of the date of issuance of such Preferred Shares or fraction thereof.

(b) In case the Company shall fix a record date for the issuance of rights, options or warrants to all holders of Preferred Shares entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Preferred Shares (or shares having the same rights, privileges and preferences as the Preferred Shares (“equivalent preferred shares”)) or securities convertible into Preferred Shares or equivalent preferred shares at a price per Preferred Share or equivalent preferred share (or having a conversion price per share, if a security convertible into Preferred Shares or equivalent preferred shares) less than the then current per share market price (as defined in Section 11(d)) of the Preferred Shares on such record date, the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the

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numerator of which shall be the number of Preferred Shares outstanding on such record date plus the number of Preferred Shares which the aggregate offering price of the total number of Preferred Shares and/or equivalent preferred shares so to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such current market price and the denominator of which shall be the number of Preferred Shares outstanding on such record date plus the number of additional Preferred Shares and/or equivalent preferred shares to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible); provided, however, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company issuable upon exercise of one Right. In case such subscription price may be paid in a consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and holders of the Rights. Preferred Shares owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed; and, in the event that such rights, options or warrants are not so issued, the Purchase Price shall be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(c) In case the Company shall fix a record date for the making of a distribution to all holders of the Preferred Shares (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing or surviving corporation) of evidences of indebtedness or assets (other than a regular quarterly cash dividend

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or a dividend payable in Preferred Shares) or subscription rights or warrants (excluding those referred to in Section 11(b) hereof), the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the then-current per share market price of the Preferred Shares on such record date, less the fair market value (as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and holders of the Rights) of the portion of the assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants applicable to one Preferred Share and the denominator of which shall be such then-current per share market price of the Preferred Shares on such record date; provided, however, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company to be issued upon exercise of one Right. Such adjustments shall be made successively whenever such a record date is fixed; and, in the event that such distribution is not so made, the Purchase Price shall again be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(d) (i) For the purpose of any computation hereunder, the “current per share market price” of any security (a “Security” for the purpose of this

Section 11(d)(i) on any date shall be deemed to be the average of the daily closing prices per share of such Security for the 30 consecutive Trading Days immediately prior to but not including such date; provided, however, that, in the event that the current per share market price of the Security is determined during a period following the announcement by the issuer of such Security of (A) a dividend or distribution on such Security payable in shares of such Security or Securities convertible into

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such shares, or (B) any subdivision, combination or reclassification of such Security and prior to the expiration of 30 Trading Days after but not including the ex-dividend date for such dividend or distribution, or the record date for such subdivision, combination or reclassification, then, and in each such case, the current per share market price shall be appropriately adjusted to reflect the current market price per share equivalent of such Security. The closing price for each day shall be the last sale price, regular way, reported at or prior to 4:00 P.M. Eastern time or, in case no such sale takes place on such day, the average of the bid and asked prices, regular way, reported as of 4:00 P.M. Eastern time, in either case, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Security is listed or admitted to trading or, if the Security is not listed or admitted to trading on any national securities exchange, the last quoted price reported at or prior to 4:00 P.M. Eastern time or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported as of 4:00 P.M. Eastern time by NASDAQ or such other system then in use, or, if on any such date the Security is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Security selected by the Board of Directors of the Company. The term "Trading Day" shall mean a day on which the principal national securities exchange on which the Security is listed or admitted to trading is open for the transaction of business, or, if the Security is not listed or admitted to trading on any national securities exchange, a Business Day.

(ii) For the purpose of any computation hereunder, the "current per share market price" of the Preferred Shares shall be determined in accordance with the method set forth in Section 11(d)(i). If the Preferred Shares are not publicly traded, the "current per share market price" of the Preferred Shares shall be conclusively deemed to be the current per share

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market price of the Common Shares as determined pursuant to Section 11(d)(i) hereof (appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof), multiplied by one thousand. If neither the Common Shares nor the Preferred Shares are publicly held or so listed or traded, "current per share market price" shall mean the fair value per share as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent.

(e) No adjustment in the Purchase Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Purchase Price; provided, however, that any adjustments which by reason of this Section 11(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 11 shall be made to the nearest cent or to the nearest one one-millionth of a Preferred Share or one ten-thousandth of any other share or security as the case may be. Notwithstanding the first sentence of this Section 11(e), any adjustment required by this Section 11 shall be made no later than the earlier of (i) three years from the date of the transaction which requires such adjustment or (ii) the date of the expiration of the right to exercise any Rights.

(f) If, as a result of an adjustment made pursuant to Section 11(a) hereof, the holder of any Right thereafter exercised shall become entitled to receive any shares of capital stock of the Company other than Preferred Shares, thereafter the number of such other shares so receivable upon exercise of any Right shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Preferred Shares contained in Section 11(a) through (c) hereof, inclusive, and the provisions of

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Sections 7, 9, 10 and 13 hereof with respect to the Preferred Shares shall apply on like terms to any such other shares.

(g) All Rights originally issued by the Company subsequent to any adjustment made to the Purchase Price hereunder shall evidence the right to purchase, at the adjusted Purchase Price, the number of one one-thousandths of a Preferred Share purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(h) Unless the Company shall have exercised its election as provided in Section 11(i) hereof, upon each adjustment of the Purchase Price as a result of the calculations made in Sections 11(b) and (c) hereof, each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Purchase Price, that number of one one-thousandths of a Preferred Share (calculated to the nearest one one-millionth of a Preferred Share) obtained by (A) multiplying (x) the number of one one-thousandths of a share covered by a Right immediately prior to this adjustment by (y) the Purchase Price in effect immediately prior to such adjustment of the Purchase Price and (B) dividing the product so obtained by the Purchase Price in effect immediately after such adjustment of the Purchase Price.

(i) The Company may elect, on or after the date of any adjustment of the Purchase Price, to adjust the number of Rights in substitution for any adjustment in the number of one one-thousandths of a Preferred Share purchasable upon the exercise of a Right. Each of the Rights outstanding after such adjustment of the number of Rights shall be exercisable for the number of one one-thousandths of a Preferred Share for which a Right was exercisable

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immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest one ten-thousandth) obtained by dividing the Purchase Price in effect immediately prior to adjustment of the Purchase Price by the Purchase Price in effect immediately after adjustment of the Purchase Price. The Company shall make a public announcement (with prompt notice thereof to the Rights Agent) of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the Purchase Price is adjusted or any day thereafter, but, if the Right Certificates have been issued, shall be at least 10 days later than the date of the public announcement. If Right Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 11(i), the Company shall, as promptly as practicable, cause to be distributed to holders of record of Right Certificates on such record date Right Certificates evidencing, subject to Section 14 hereof, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Right Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Right Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Right Certificates so to be distributed shall be issued, executed and countersigned in the manner provided for herein, and shall be registered in the names of the holders of record of Right Certificates on the record date specified in the public announcement.

(j) Irrespective of any adjustment or change in the Purchase Price or in the number of one one-thousandths of a Preferred Share issuable upon the

and the number of one one-thousandths of a Preferred Share which were expressed in the initial Right Certificates issued hereunder.

(k) Before taking any action that would cause an adjustment reducing the Purchase Price below one one-thousandth of the then par value, if any, of the Preferred Shares issuable upon exercise of the Rights, the Company shall take any corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and nonassessable Preferred Shares at such adjusted Purchase Price.

(l) In any case in which this Section 11 shall require that an adjustment in the Purchase Price be made effective as of a record date for a specified event, the Company may elect to defer (with prompt notice thereof to the Rights Agent) until the occurrence of such event the issuing to the holder of any Right exercised after such record date of the Preferred Shares and other capital stock or securities of the Company, if any, issuable upon such exercise over and above the Preferred Shares and other capital stock or securities of the Company, if any, issuable upon such exercise on the basis of the Purchase Price in effect prior to such adjustment; provided, however, that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional shares upon the occurrence of the event requiring such adjustment.

(m) Anything in this Section 11 to the contrary notwithstanding, the Company shall be entitled to make such reductions in the Purchase Price, in addition to those adjustments expressly required by this Section 11, as and to the extent that it, in its sole discretion, shall determine to be advisable in order that any consolidation or subdivision of the Preferred Shares, issuance wholly for cash of any Preferred Shares at less than the current market price, issuance

wholly for cash of Preferred Shares or securities which by their terms are convertible into or exchangeable for Preferred Shares, dividends on Preferred Shares payable in Preferred Shares or issuance of rights, options or warrants referred to in Section 11(b) hereof, hereafter made by the Company to holders of the Preferred Shares shall not be taxable to such stockholders.

(n) In the event that, at any time after the date of this Agreement and prior to the Distribution Date, the Company shall (i) declare or pay any dividend on the Common Shares payable in Common Shares, or (ii) effect a subdivision, combination or consolidation of the Common Shares (by reclassification or otherwise than by payment of dividends in Common Shares) into a greater or lesser number of Common Shares, then, in any such case, (A) the number of one one-thousandths of a Preferred Share purchasable after such event upon proper exercise of each Right shall be determined by multiplying the number of one one-thousandths of a Preferred Share so purchasable immediately prior to such event by a fraction, the numerator of which is the number of Common Shares outstanding immediately before such event and the denominator of which is the number of Common Shares outstanding immediately after such event, and (B) each Common Share outstanding immediately after such event shall have issued with respect to it that number of Rights which each Common Share outstanding immediately prior to such event had issued with respect to it. The adjustments provided for in this Section 11(n) shall be made successively whenever such a dividend is declared or paid or such a subdivision, combination or consolidation is effected.

Section 12. Certificate of Adjusted Purchase Price or Number of Shares. Whenever an adjustment is made as provided in Section 11 or 13 hereof, the Company shall promptly (a) prepare a certificate setting forth the amount of the adjustment and a brief statement of the facts and computations accounting for such adjustment (including, without limitation, the

record date for the adjustment), (b) file with the Rights Agent and with each transfer agent for the Common Shares or the Preferred Shares and the Securities and Exchange Commission or other relevant regulatory authority a copy of such certificate and (c) if such adjustment occurs at any time after the Distribution Date, mail a brief summary thereof to each holder of a Right Certificate in accordance with Section 25 hereof. The Rights Agent shall be fully protected in relying on any such certificate and on any adjustment therein contained and shall have no duty with respect to and shall not be deemed to have knowledge of any such adjustment unless and until it shall have received such certificate.

Section 13. Consolidation, Merger or Sale or Transfer of Assets or Earning Power In the event, directly or indirectly, at any time after a Person has become an Acquiring Person, (a) the Company shall consolidate with, or merge with and into, any other Person, (b) any Person shall consolidate with the Company, or merge with and into the Company and the Company shall be the continuing or surviving corporation of such merger and, in connection with such merger, all or part of the Common Shares shall be changed into or exchanged for stock or other securities of any other Person (or the Company) or cash or any other property, or (c) the Company shall sell or otherwise transfer (or one or more of its Subsidiaries shall sell or otherwise transfer), in one or more transactions, assets or earning power aggregating 50% or more of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to any other Person other than the Company or one or more of its wholly-owned Subsidiaries, then, and in each such case, proper provision shall be made so that (i) each holder of a Right (except as otherwise provided herein) shall thereafter have the right to receive, upon the exercise thereof at a price equal to the then current Purchase Price multiplied by the number of one one-thousandths of a Preferred Share for which a Right is then exercisable, in accordance with the terms of this

Agreement and in lieu of Preferred Shares, such number of Common Shares of such other Person (including the Company as successor thereto or as the surviving corporation) as shall equal the result obtained by (A) multiplying the then current Purchase Price by the number of one one-thousandths of a Preferred Share for which a Right is then exercisable and dividing that product by (B) 50% of the then current per share market price of the Common Shares of such other Person (determined pursuant to Section 11(d) hereof) on the date of consummation of such consolidation, merger, sale or transfer; (ii) the issuer of such Common Shares shall thereafter be liable for, and shall assume, by virtue of such consolidation, merger, sale or transfer, all the obligations and duties of the Company pursuant to this Agreement; (iii) the term "Company" shall thereafter be deemed to refer to such issuer; and (iv) such issuer shall take such steps (including, but not limited to, the reservation of a sufficient number of its Common Shares in accordance with Section 9 hereof) in connection with such consummation as may be necessary to assure that the provisions hereof shall thereafter be applicable, as nearly as reasonably may be, in relation to the Common Shares of the Company thereafter deliverable upon the exercise of the Rights. The Company shall not consummate any such consolidation, merger, sale or transfer unless, prior thereto, the Company and such issuer shall have executed and delivered to the Rights Agent a supplemental agreement so providing. The Company shall not enter into any transaction of the kind referred to in this Section 13 if at the time of such transaction there are any rights, warrants, instruments or securities outstanding or any agreements or arrangements which, as a result of the consummation of such transaction, would eliminate or substantially diminish the benefits intended to be afforded by the Rights. The provisions of this Section 13 shall similarly apply to successive mergers or consolidations or sales or other transfers.

Section 14. Fractional Rights and Fractional Shares. (a) The Company shall not be required to issue fractions of Rights or to distribute Right Certificates which evidence fractional Rights. In lieu of such fractional Rights, there shall be paid to the registered holders of the Right Certificates with regard to which such fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the current market value of a whole Right. For the purposes of this Section 14(a), the current market value of a whole Right shall be the closing price of the Rights for the Trading Day immediately prior to the date on which such fractional Rights would have been otherwise issuable. The closing price for any day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Rights are listed or admitted to trading or, if the Rights are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by NASDAQ or such other system then in use or, if on any such date the Rights are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Rights selected by the Board of Directors of the Company. If on any such date no such market maker is making a market in the Rights, the fair value of the Rights on such date as determined in good faith by the Board of Directors of the Company shall be used.

(b) The Company shall not be required to issue fractions of Preferred Shares (other than fractions which are integral multiples of one one-thousandth of a Preferred Share) upon exercise of the Rights or to distribute certificates which evidence fractional Preferred

Shares (other than fractions which are integral multiples of one one-thousandth of a Preferred Share). Fractions of Preferred Shares in integral multiples of one one-thousandth of a Preferred Share may, at the election of the Company, be evidenced by depositary receipts, pursuant to an appropriate agreement between the Company and a depositary selected by it; provided, that such agreement shall provide that the holders of such depositary receipts shall have all the rights, privileges and preferences to which they are entitled as beneficial owners of the Preferred Shares represented by such depositary receipts. In lieu of fractional Preferred Shares that are not integral multiples of one one-thousandth of a Preferred Share, the Company shall pay to the registered holders of Right Certificates at the time such Rights are exercised as herein provided an amount in cash equal to the same fraction of the current market value of one Preferred Share. For the purposes of this Section 14(b), the current market value of a Preferred Share shall be the closing price of a Preferred Share (as determined pursuant to the second sentence of Section 11(d)(i) hereof) for the Trading Day immediately prior to the date of such exercise.

(c) The holder of a Right, by the acceptance of the Right, expressly waives such holder's right to receive any fractional Rights or any fractional shares upon exercise of a Right (except as provided above). The Rights Agent shall have no duty or obligation with respect to this Section 14 and Section 24(d) unless and until it has received specific instructions (and sufficient cash, if required) from the Company with respect to its duties and obligations under such Sections.

Section 15. Rights of Action. All rights of action in respect of this Agreement, excepting the rights of action expressly given to the Rights Agent under Section 18 hereof, are vested in the respective registered holders of the Right Certificates (and, prior to the Distribution Date, the registered holders of the Common Shares); and any registered holder of any Right

Certificate (or, prior to the Distribution Date, of the Common Shares), without the consent of the Rights Agent or of the holder of any other Right Certificate (or, prior to the Distribution Date, of the Common Shares), may, in such holder's own behalf and for such holder's own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce, or otherwise act in respect of, such holder's right to exercise the Rights evidenced by such Right Certificate in the manner provided in such Right Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement, and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of any Person subject to, this Agreement.

Section 16. Agreement of Right Holders. Every holder of a Right, by accepting the same, consents and agrees with the Company and the Rights Agent and with every other holder of a Right that:

- (a) prior to the Distribution Date, the Rights will be transferable only in connection with the transfer of the Common Shares;
- (b) after the Distribution Date, the Right Certificates are transferable only on the registry books of the Rights Agent if surrendered at the Designated Office of the Rights Agent, duly endorsed or accompanied by a proper instrument of transfer; and
- (c) the Company and the Rights Agent may deem and treat the person in whose name the Right Certificate (or, prior to the Distribution Date, the associated Common Shares certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby

(notwithstanding any notations of ownership or writing on the Right Certificate or the associated Common Shares certificate made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary.

Section 17. Right Certificate Holder Not Deemed a Stockholder. No holder, as such, of any Right Certificate shall be entitled to vote, receive dividends or be deemed for any purpose the holder of the Preferred Shares or any other securities of the Company which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Right Certificate be construed to confer upon the holder of any Right Certificate, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in Section 25 hereof), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by such Right Certificate shall have been exercised in accordance with the provisions hereof.

Section 18. Concerning the Rights Agent. The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder, and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration of this Agreement and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability, damage, judgment, fine, penalty, claim, demand, settlement, cost or expense incurred without gross negligence, bad faith or willful misconduct on the part of the Rights Agent, for any action taken, suffered or omitted by the Rights Agent in

connection with the acceptance, amendment and administration of this Agreement, including without limitation the costs and expenses of defending against any claim of liability arising therefrom directly or indirectly in the premises.

The Rights Agent shall be authorized and protected and shall incur no liability for, or in respect of any action taken, suffered or omitted by it in connection with, its administration of this Agreement in reliance upon any Right Certificate or certificate for the Preferred Shares or Common Shares or for other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper person or persons, or otherwise upon the advice of counsel as set forth in Section 20 hereof.

Section 19. Merger or Consolidation or Change of Name of Rights Agent. Any Person into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any Person resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any Person succeeding to the shareholder services business of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto; provided that such Person would be eligible for appointment as a successor Rights Agent under the provisions of Section 21 hereof. In case at the time such successor Rights Agent shall succeed to the agency created by this Agreement, any of the Right Certificates shall have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Right Certificates so countersigned; and, in case at that time any of the Right

Certificates shall not have been countersigned, any successor Rights Agent may countersign such Right Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and, in all such cases, such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

In case at any time the name of the Rights Agent shall be changed and at such time any of the Right Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Right Certificates so countersigned; and, in case at that time any of the Right Certificates shall not have been countersigned, the Rights Agent may countersign such Right Certificates either in its prior name or in its changed name; and, in all such cases, such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

Section 20. Duties of Rights Agent. The Rights Agent undertakes the duties and obligations expressly imposed by this Agreement upon the following terms and conditions, by all of which the Company and the holders of Right Certificates, by their acceptance thereof, shall be bound:

- (a) The Rights Agent may consult with legal counsel (who may be legal counsel for the Company), and the advice or opinion of such counsel shall be full and complete authorization and protection to the Rights Agent as to any action taken, suffered or omitted by it in accordance with such advice or opinion.
- (b) Whenever in the performance of its duties under this Agreement the Rights Agent shall deem it necessary or desirable that any fact or matter (including, but not limited to, the identity of any Acquiring Person and the determination of current market price of

any security) be proved or established by the Company prior to taking, suffering or omitting any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by any one of the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Treasurer or the Secretary of the Company and delivered to the Rights Agent; and such certificate shall be full authorization and protection to the Rights Agent for any action taken or suffered or omitted by it under the provisions of this Agreement in reliance upon such certificate.

- (c) The Rights Agent shall be liable hereunder to the Company and any other Person only for its own gross negligence, bad faith or willful misconduct and that of its officers, directors and employees.
- (d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the Right Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.
- (e) The Rights Agent shall not be under any liability or responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due execution hereof by the Rights Agent) or in respect of the validity or execution of any Right Certificate (except its countersignature thereof); nor shall it be responsible or liable for any breach by the Company of any covenant or condition contained in this Agreement or in any Right Certificate; nor shall it be responsible or liable for any change in the exercisability of the Rights (including the Rights becoming null and void pursuant to Section 11(a)(ii) hereof) or any

adjustment in the terms of the Rights (including the manner, method or amount thereof) provided for in Section 3, 11, 13, 23 or 24 hereof, or the ascertaining of the existence of facts that would require any such change or adjustment (except with respect to the exercise of Rights evidenced by Right Certificates after actual notice that such change or adjustment is required); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any Preferred Shares to be issued pursuant to this Agreement or any Right Certificate or as to whether any Preferred Shares will, when issued, be validly authorized and issued, fully paid and nonassessable.

- (f) The Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.
- (g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any one of the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Secretary or the Treasurer of the Company, and to apply to such officers for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered or omitted by it in accordance with instructions of any such officer or for any delay in acting while waiting for those instructions.
- (h) The Rights Agent and any stockholder, director, affiliate, officer or employee of the Rights Agent may buy, sell or deal in any of the Rights or

interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other Person.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct, provided that reasonable care was exercised in the selection and continued employment thereof.

Section 21. Change of Rights Agent. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Agreement upon 30 days' notice in writing mailed to the Company and to each transfer agent of the Common Shares or Preferred Shares by registered or certified mail, and to the holders of the Right Certificates by first-class mail. The Company may remove the Rights Agent or any successor Rights Agent upon 30 days' notice in writing, mailed to the Rights Agent or successor Rights Agent, as the case may be, and to each transfer agent of the Common Shares or Preferred Shares by registered or certified mail, and to the holders of the Right Certificates by first-class mail. If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. If the Company shall fail to make such appointment within a period of 30 days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Right Certificate (which holder shall, with such notice, submit such holder's Right Certificate for inspection by the Company), then the registered holder of any

Right Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be (i) a Person organized and doing business and in good standing under the laws of any state of the United States, so long as such Person is authorized under such laws to exercise all of the duties of the Rights Agent under this Agreement and is subject to supervision or examination by federal or state authority and which has at the time of its appointment as Rights Agent a combined capital and surplus of at least \$50 million or (ii) an Affiliate of such Person. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares or Preferred Shares, and mail a notice thereof in writing to the registered holders of the Right Certificates. Failure to give any notice provided for in this Section 21, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

Section 22. Issuance of New Right Certificates. Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Company may, at its option, issue new Right Certificates evidencing Rights in such form as may be approved by the Board of Directors of the Company to reflect any adjustment or change in the Purchase Price and the

number or kind or class of shares or other securities or property purchasable under the Right Certificates made in accordance with the provisions of this Agreement.

Section 23. Redemption. (a) The Board of Directors of the Company may, at its option, at any time prior to such time as any Person becomes an Acquiring Person, redeem all but not less than all the then outstanding Rights at a redemption price of \$0.001 per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such redemption price being hereinafter referred to as the "Redemption Price"). The redemption of the Rights by the Board of Directors of the Company may be made effective at such time, on such basis and with such conditions as the Board of Directors of the Company, in its sole discretion, may establish.

(b) Immediately upon the action of the Board of Directors of the Company ordering the redemption of the Rights pursuant to paragraph (a) of this Section 23, and without any further action and without any notice, the right to exercise the Rights will terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price. The Company shall promptly give public notice of any such redemption; provided, however, that the failure to give, or any defect in, any such notice shall not affect the validity of such redemption. Within 10 days after such action of the Board of Directors of the Company ordering the redemption of the Rights, the Company shall mail a notice of redemption to all the holders of the then outstanding Rights at their last addresses as they appear upon the registry books of the Rights Agent or, prior to the Distribution Date, on the registry books of the transfer agent for the Common Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. Neither the Company

nor any of its Affiliates or Associates may redeem, acquire or purchase for value any Rights at any time in any manner other than that specifically set forth in this Section 23 or in Section 24 hereof, and other than in connection with the purchase of Common Shares prior to the Distribution Date.

Section 24. Exchange. (a) The Board of Directors of the Company may, at its option, at any time after any Person becomes an Acquiring Person, exchange all or part of the then outstanding and exercisable Rights (which shall not include Rights that have become null and void pursuant to the provisions of Section 7(c) and/or Section 11(a)(ii) hereof) for Common Shares at an exchange ratio of one Common Share per Right, appropriately adjusted to reflect any adjustment in the number of Rights pursuant to Section 11(i) (such exchange ratio being hereinafter referred to as the "Exchange Ratio"). Notwithstanding the foregoing, the Board of Directors of the Company shall not be empowered to effect such exchange at any time after any Person (other than the Company, any Subsidiary of the Company, any employee benefit plan of the Company or any such Subsidiary, or any entity holding Common Shares for or pursuant to the terms of any such plan), together with all Affiliates and Associates of such Person, becomes the Beneficial Owner of 50% or more of the Common Shares then outstanding.

(b) Immediately upon the action of the Board of Directors of the Company ordering the exchange of any Rights pursuant to paragraph (a) of this Section 24 and without any further action and without any notice, the right to exercise such Rights shall terminate and the only right thereafter of the holders of such Rights shall be to receive that number of Common Shares equal to the number of such Rights held by such holder multiplied by the Exchange Ratio. The Company shall promptly give public notice of any such exchange; provided, however, that the failure to give, or any defect in, such notice shall not affect the validity of such exchange.

The Company promptly shall mail a notice of any such exchange to the Rights Agent and to all of the holders of such Rights at their last addresses as they appear upon the registry books of the Rights Agent. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of exchange will state the method by which the exchange of the Common Shares for Rights will be effected, and, in the event of any partial exchange, the number of Rights which will be exchanged. Any partial exchange shall be effected pro rata based on the number of Rights (other than Rights which have become null and void pursuant to the provisions of Section 7(e) and/or Section 11(a)(ii) hereof) held by each holder of Rights.

(c) In the event that there shall not be sufficient Common Shares issued but not outstanding or authorized but unissued to permit any exchange of Rights as contemplated in accordance with this Section 24, the Company shall take all such action as may be necessary to authorize additional Common Shares for issuance upon exchange of the Rights. In the event the Company shall, after good faith effort, be unable to take all such action as may be necessary to authorize such additional Common Shares, the Company shall substitute, for each Common Share that would otherwise be issuable upon exchange of a Right, a number of Preferred Shares or fraction thereof such that the current per share market price of one Preferred Share multiplied by such number or fraction is equal to the current per share market price of one Common Share as of the date of issuance of such Preferred Shares or fraction thereof.

(d) The Company shall not be required to issue fractions of Common Shares or to distribute certificates which evidence fractional Common Shares. In lieu of such fractional Common Shares, the Company shall pay to the registered holders of the Right Certificates with regard to which such fractional Common Shares would otherwise be issuable an amount in cash

equal to the same fraction of the current market value of a whole Common Share. For the purposes of this paragraph (d), the current market value of a whole Common Share shall be the closing price of a Common Share (as determined pursuant to the second sentence of Section 11(d)(i) hereof) for the Trading Day immediately prior to the date of exchange pursuant to this Section 24.

Section 25. Notice of Certain Events. (a) In case the Company shall, at any time after the Distribution Date, propose (i) to pay any dividend payable in stock of any class to the holders of the Preferred Shares or to make any other distribution to the holders of the Preferred Shares (other than a regular quarterly cash dividend), (ii) to offer to the holders of the Preferred Shares rights or warrants to subscribe for or to purchase any additional Preferred Shares or shares of stock of any class or any other securities, rights or options, (iii) to effect any reclassification of the Preferred Shares (other than a reclassification involving only the subdivision of outstanding Preferred Shares), (iv) to effect any consolidation or merger into or with, or to effect any sale or other transfer (or to permit one or more of its Subsidiaries to effect any sale or other transfer), in one or more transactions, of 50% or more of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to, any other Person, (v) to effect the liquidation, dissolution or winding up of the Company, or (vi) to declare or pay any dividend on the Common Shares payable in Common Shares or to effect a subdivision, combination or consolidation of the Common Shares (by reclassification or otherwise than by payment of dividends in Common Shares), then, in each such case, the Company shall give to the Rights Agent and to each holder of a Right Certificate, in accordance with Section 26 hereof, a notice of such proposed action, which shall specify the record date for the purposes of such stock dividend, or distribution of rights or warrants, or the date on which such reclassification,

consolidation, merger, sale, transfer, liquidation, dissolution, or winding up is to take place and the date of participation therein by the holders of the Common Shares and/or Preferred Shares, if any such date is to be fixed, and such notice shall be so given in the case of any action covered by clause (i) or (ii) above at least 10 days prior to the record date for determining holders of the Preferred Shares for purposes of such action, and, in the case of any such other action, at least 10 days prior to the date of the taking of such proposed action or the date of participation therein by the holders of the Common Shares and/or Preferred Shares, whichever shall be the earlier.

(b) In case the event set forth in Section 11(a)(ii) hereof shall occur, then the Company shall, as soon as practicable thereafter, give to each holder of a Right Certificate, in accordance with Section 26 hereof, a notice of the occurrence of such event, which notice shall describe such event and the consequences of such event to holders of Rights under Section 7(e) and/or Section 11(a)(ii) hereof.

Section 26. Notices. Notices or demands authorized by this Agreement to be given or made by the Rights Agent or by the holder of any Right Certificate to or on the Company shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

Red Robin Gourmet Burgers, Inc.
6312 S. Fiddler's Green Circle, Suite 200N
Greenwood Village, CO 80111

Subject to the provisions of Section 21 hereof, any notice or demand authorized by this Agreement to be given or made by the Company or by the holder of any Right Certificate to or on the Rights Agent shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Company) as follows:

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, New York 11219
Attention: Issac Kagan

Notices or demands authorized by this Agreement to be given or made by the Company or the Rights Agent to the holder of any Right Certificate shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as shown on the registry books of the Company.

Section 27. Supplements and Amendments. The Company may from time to time supplement or amend this Agreement without the approval of any holders of Right Certificates in order to cure any ambiguity, to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions herein, or to make any other provisions with respect to the Rights which the Company may deem necessary or desirable, any such supplement or amendment to be evidenced by a writing signed by the Company and the Rights Agent; provided, however, that, from and after such time as any Person becomes an Acquiring Person, this Agreement shall not be amended in any manner which would adversely affect the interests of the holders of Rights.

Section 28. Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 29. Benefits of This Agreement. Nothing in this Agreement shall be construed to give to any Person other than the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, the Common Shares) any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for

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the sole and exclusive benefit of the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, the Common Shares).

Section 30. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 31. Governing Law. This Agreement and each Right Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be governed by and construed in accordance with the laws of such state applicable to contracts to be made and performed entirely within such state.

Section 32. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

Section 33. Determinations and Actions by the Board of Directors. The Board of Directors shall have the exclusive power and authority to administer this Agreement and to exercise all rights and powers specifically granted to the Board of Directors or to the Company, or as may be necessary or advisable in the administration of this Agreement, including the right and power to (a) interpret the provisions of this Agreement and (b) make all determinations deemed necessary or advisable for the administration of this Agreement (including a determination to redeem or exchange or not to redeem or exchange the Rights or to amend the Agreement). All such actions, calculations, interpretations and determinations (including, for

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purposes of clause (y) below, all omissions with respect to the foregoing) that are done or made by the Board of Directors in good faith shall (x) be final, conclusive and binding on the Company, the Rights Agent, the holders of the Rights and all other parties and (y) not subject the Board of Directors to any liability to the holders of the Common Shares or the Rights. The Rights Agent is entitled always to assume the Company's Board of Directors acted in good faith and shall be fully protected and incur no liability in reliance thereon.

Section 34. Descriptive Headings. Descriptive headings of the several Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and attested, all as of the day and year first above written.

Attest: RED ROBIN GOURMET BURGERS, INC.

By /s/ Katherine L. Scherping
Name: Katherine L. Scherping
Title: Chief Financial Officer

By /s/ Annita M. Menogan
Name: Annita M. Menogan
Title: Senior Vice President and Chief Legal Officer

Attest: AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC

By /s/ Cindy Kaim
Name: Cindy Kaim
Title: Assistant Vice President

By /s/ Issac J. Kagan
Name: Isaac J. Kagan
Title: Vice President

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Exhibit A

FORM
of
CERTIFICATE OF DESIGNATIONS
of
SERIES A JUNIOR PARTICIPATING PREFERRED STOCK
of

Red Robin Gourmet Burgers, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (hereinafter called the "Corporation"), hereby certifies that the following resolution was adopted by the Board of Directors of the Corporation as required by Section 151 of the General Corporation Law at a meeting duly called and held on August 11, 2010:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors of this Corporation (hereinafter called the "Board of Directors" or the "Board") in accordance with the provisions of the Certificate of Incorporation, the Board of Directors hereby creates a series of Preferred Stock, par value \$0.001 per share, of the Corporation (the "Preferred Stock"), and hereby states the designation and number of shares, and fixes the relative rights, preferences, and limitations thereof as follows:

Series A Junior Participating Preferred Stock:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" (the "Series A Preferred Stock") and the number of shares constituting the Series A Preferred Stock shall be 16,710. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series A Preferred Stock.

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Section 2. Dividends and Distributions.

(A) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred Stock, in preference to the holders of Common Stock, par value \$0.001 per share (the "Common Stock"), of the Corporation, and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$1 or (b) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$1 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the

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determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in any other Certificate of Designations creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) Except as set forth herein, or as otherwise provided by law, holders of Series A Preferred Stock shall have no special voting rights and their consent

shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on

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shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Certificate of Incorporation, or in any other Certificate of Designations creating a series of Preferred Stock or any similar stock or as otherwise required by law.

Section 6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding

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up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received \$1,000 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Series A Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, Etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series A Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Series A Preferred Stock shall not be redeemable.

Section 9. Rank. The Series A Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of the Corporation's Preferred Stock.

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Section 10. Amendment. The Certificate of Incorporation of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock, voting together as a single class.

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its Senior Vice President and Chief Legal Officer this 11th day of August, 2010

Secretary

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Exhibit B

Form of Right Certificate

Certificate No. R-

Rights

NOT EXERCISABLE AFTER AUGUST 11, 2011 OR EARLIER IF REDEMPTION OR EXCHANGE OCCURS. THE RIGHTS ARE SUBJECT TO REDEMPTION AT \$.001 PER RIGHT AND TO EXCHANGE ON THE TERMS SET FORTH IN THE AGREEMENT.

Right Certificate

RED ROBIN GOURMET BURGERS, INC.

This certifies that _____, or registered assigns, is the registered owner of the number of Rights set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of the Agreement, dated as of August 11, 2010 (the "Agreement"), between Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Company"), and American Stock Transfer & Trust Company, LLC (the "Rights Agent"), to purchase from the Company at any time after the Distribution Date (as such term is defined in the Agreement) and prior to 5:00 P.M., New York City time, on August 11, 2011 at the designated office of the Rights Agent, or at the office of its successor as Rights Agent, one one-thousandth of a fully paid non-assessable share of Series A Junior Participating Preferred Stock, par value \$0.001 per share, of the Company (the "Preferred Shares"), at a purchase price of \$ 110.00 per one one-thousandth of a Preferred Share (the "Purchase Price"), upon presentation and surrender of this Right Certificate with the Form of Election to Purchase duly executed. The number of Rights evidenced by this Right Certificate (and the number of one one-thousandths of a Preferred Share which may be purchased upon exercise hereof) set forth above, and the Purchase Price set forth above, are the number and Purchase Price as of August 11, 2010, based on the Preferred Shares as constituted at such date. As provided in the Agreement, the Purchase Price and the number of one one-thousandth of a Preferred Share which may be purchased upon the exercise of the Rights evidenced by this Right Certificate are subject to modification and adjustment upon the happening of certain events.

This Right Certificate is subject to all of the terms, provisions and conditions of the Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of the Rights Agent, the Company and the holders of the Right Certificates. Copies of the Agreement are on file at the principal executive offices of the Company and the offices of the Rights Agent.

This Right Certificate, with or without other Right Certificates, upon surrender at the designated office of the Rights Agent, may be exchanged for another Right Certificate or

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Right Certificates of like tenor and date evidencing Rights entitling the holder to purchase a like aggregate number of Preferred Shares as the Rights evidenced by the Right Certificate or Right Certificates surrendered shall have entitled such holder to purchase. If this Right Certificate shall be exercised in part, the holder shall be entitled to receive upon surrender hereof another Right Certificate or Right Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Agreement, the Rights evidenced by this Right Certificate (i) may be redeemed by the Company at a redemption price of \$.001 per Right or (ii) may be exchanged in whole or in part for Preferred Shares or shares of the Company's Common Stock, par value \$0.001 per share.

No fractional Preferred Shares will be issued upon the exercise of any Right or Rights evidenced hereby (other than fractions which are integral multiples of one one-thousandth of a Preferred Share, which may, at the election of the Company, be evidenced by depositary receipts), but, in lieu thereof, a cash payment will be made, as provided in the Agreement.

No holder of this Right Certificate shall be entitled to vote or receive dividends or be deemed for any purpose the holder of the Preferred Shares or of any other securities of the Company which may at any time be issuable on the exercise hereof, nor shall anything contained in the Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in the Agreement), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by this Right Certificate shall have been exercised as provided in the Agreement.

This Right Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Company and its corporate seal. Dated as of _____, _____.

ATTEST:

RED ROBIN GOURMET BURGERS, INC.

Name:
Title:
Countersigned:

By _____
Name:
Title:

AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC

By _____
Name:
Title:

Form of Reverse Side of Right Certificate
FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Right Certificate.)

FOR VALUE RECEIVED

hereby sells, assigns and transfers unto

(Please print name and address of transferee)

this Right Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint
Certificate on the books of the within-named Company, with full power of substitution.

Attorney, to transfer the within Right

Dated: _____

Signature

Signature Guaranteed:

All Guarantees must be made by a financial institution (such as a bank or broker) which is a participant in the Securities Transfer Agents Medallion Program ("STAMP"), the New York Stock Exchange, Inc. Medallion Signature Program ("MSP"), or the Stock Exchanges Medallion Program ("SEMP") and must not be dated. Guarantees by a notary public are not acceptable.

The undersigned hereby certifies that the Rights evidenced by this Right Certificate are not beneficially owned by an Acquiring Person or an Affiliate or Associate thereof (as defined in the Agreement).

Signature

Form of Reverse Side of Right Certificate — continued

FORM OF ELECTION TO PURCHASE

(To be executed if holder desires to exercise Rights represented by the Right Certificate.)

To: RED ROBIN GOURMET BURGERS, INC.

The undersigned hereby irrevocably elects to exercise _____ Rights represented by this Right Certificate to purchase the Preferred Shares issuable upon the exercise of such Rights and requests that certificates for such Preferred Shares be issued in the name of:

Please insert social security or other identifying number

(Please print name and address)

If such number of Rights shall not be all the Rights evidenced by this Right Certificate, a new Right Certificate for the balance remaining of such Rights shall be registered in the name of and delivered to:

Please insert social security or other identifying number

(Please print name and address)

Dated: _____

Signature

Signature Guaranteed:

All Guarantees must be made by a financial institution (such as a bank or broker) which is a participant in the Securities Transfer Agents Medallion Program ("STAMP"), the New York Stock Exchange, Inc. Medallion Signature Program ("MSP"), or the Stock Exchanges Medallion Program ("SEMP") and must not be dated. Guarantees by a notary public are not acceptable.

The undersigned hereby certifies that the Rights evidenced by this Right Certificate are not beneficially owned by an Acquiring Person or an Affiliate or Associate thereof (as defined in the Agreement).

NOTICE

The signature in the Form of Assignment or Form of Election to Purchase, as the case may be, must conform to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

In the event the certification set forth above in the Form of Assignment or the Form of Election to Purchase, as the case may be, is not completed, the Company and the Rights Agent will deem the beneficial owner of the Rights evidenced by this Right Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Agreement) and such Assignment or Election to Purchase will not be honored.

SUMMARY OF RIGHTS TO PURCHASE PREFERRED SHARES

Introduction

On August 11, 2010, the Board of Directors of our Company, Red Robin Gourmet Burgers, Inc., a Delaware corporation, declared a dividend of one preferred share purchase right (a "Right") for each outstanding share of common stock, par value \$0.001 per share. The dividend is payable on August 23, 2010 to the stockholders of record on August 23, 2010.

Our Board has adopted this Rights Agreement to protect stockholders from coercive or otherwise unfair takeover tactics. In general terms, it works by imposing a significant penalty upon any person or group that acquires 15% or more of our outstanding common stock without the approval of our Board. The Rights Agreement should not interfere with any merger or other business combination approved by our Board.

For those interested in the specific terms of the Rights Agreement as made between our Company and American Stock Transfer & Trust Company, LLC, as the Rights Agent, on August 11, 2010, we provide the following summary description. Please note, however, that this description is only a summary, and is not complete, and should be read together with the entire Rights Agreement, which has been filed with the Securities and Exchange Commission as an exhibit to a Registration Statement on Form 8-A dated August 12, 2010. A copy of the agreement is available free of charge from our Company.

The Rights. The Rights will initially trade with, and will be inseparable from, the common stock. The Rights are evidenced only by certificates that represent shares of common stock and not by separate certificates. New Rights will accompany any new shares of common stock we issue after August 23, 2010 until the earlier of Distribution Date described below and the redemption or expiration of the rights.

Exercise Price. Each Right will allow its holder to purchase from our Company one one-thousandth of a share of Series A Junior Participating Preferred Stock ("Preferred Share") for \$110.00, once the Rights become exercisable. This portion of a Preferred Share will give the stockholder approximately the same dividend, voting, and liquidation rights as would one share of common stock. Prior to exercise, the Right does not give its holder any dividend, voting, or liquidation rights.

Exercisability. The Rights will not be exercisable until

- 10 days after the public announcement that a person or group has become an "Acquiring Person" by obtaining beneficial ownership of 15% or more of our outstanding common stock, or, if earlier,
- 10 business days (or a later date determined by our Board before any person or group becomes an Acquiring Person) after a person or group begins a

tender or exchange offer which, if completed, would result in that person or group becoming an Acquiring Person.

We refer to the date when the Rights become exercisable as the "Distribution Date." Until that date, the common stock certificates will also evidence the Rights, and any transfer of shares of common stock will constitute a transfer of Rights. After that date, the Rights will separate from the common stock and be evidenced by book-entry credits or by Rights certificates that we will mail to all eligible holders of common stock. Any Rights held by an Acquiring Person are void and may not be exercised.

Consequences Of A Person Or Group Becoming An Acquiring Person

- *Flip In.* If a person or group becomes an Acquiring Person, all holders of Rights except the Acquiring Person may, for \$110.00 purchase shares of our common stock with a market value of \$220.00, based on the market price of the common stock prior to such acquisition.
- *Flip Over.* If our Company is later acquired in a merger or similar transaction after the Rights Distribution Date, all holders of Rights except the Acquiring Person may, for \$110.00, purchase shares of the acquiring corporation with a market value of \$220.00 based on the market price of the acquiring corporation's stock, prior to such merger.

Preferred Share Provisions.

Each one one-thousandth of a Preferred Share, if issued:

- will not be redeemable.
- will entitle holders to quarterly dividend payments of \$.001 per share, or an amount equal to the dividend paid on one share of common stock, whichever is greater.

- will entitle holders upon liquidation either to receive \$1 per share or an amount equal to the payment made on one share of common stock, whichever is greater.
- will have the same voting power as one share of common stock.
- if shares of our common stock are exchanged via merger, consolidation, or a similar transaction, will entitle holders to a per share payment equal to the payment made on one share of common stock.

The value of one one-thousandth interest in a Preferred Share should approximate the value of one share of common stock.

Expiration. The Rights will expire on August 11, 2011.

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Redemption. Our Board may redeem the Rights for \$.001 per Right at any time before any person or group becomes an Acquiring Person. If our Board redeems any Rights, it must redeem all of the Rights. Once the Rights are redeemed, the only right of the holders of Rights will be to receive the redemption price of \$.001 per Right. The redemption price will be adjusted if we have a stock split or stock dividends of our common stock.

Exchange. After a person or group becomes an Acquiring Person, but before an Acquiring Person owns 50% or more of our outstanding common stock, our Board may extinguish the Rights by exchanging one share of common stock or an equivalent security for each Right, other than Rights held by the Acquiring Person.

Anti-Dilution Provisions. Our Board may adjust the purchase price of the Preferred Shares, the number of Preferred Shares issuable and the number of outstanding Rights to prevent dilution that may occur from a stock dividend, a stock split, a reclassification of the Preferred Shares or common stock. No adjustments to the Exercise Price of less than 1% will be made.

Amendments. The terms of the Rights Agreement may be amended by our Board without the consent of the holders of the Rights. After a person or group becomes an Acquiring Person, our Board may not amend the agreement in a way that adversely affects holders of the Rights.

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EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") is made as of this 11th day of August, 2010 (the "Agreement Date"), by and between RED ROBIN GOURMET BURGERS, INC., a Delaware corporation (the "Company"), and STEPHEN E. CARLEY ("Executive").

RECITAL

WHEREAS, on August 11, 2010, the Board of Directors (of the Company appointed Stephen Carley as the Chief Executive Officer of the Company and as a member of the Board effective on the Effective Date (as defined below);

WHEREAS, on August 11, 2010, the Compensation Committee of the Board (the "Compensation Committee") approved and authorized the entry into this Agreement and the equity award grants specified in Section 3(d)(i) below with Executive; and

WHEREAS, the parties desire to enter into this Agreement setting forth the terms and conditions for the employment relationship between Executive and the Company.

NOW, THEREFORE, in consideration of the promises and mutual covenants and agreements herein contained and intending to be legally bound hereby, the Company and Executive hereby agree as follows:

AGREEMENT

1. Employment Period. The Company, through its wholly-owned subsidiary, Red Robin International, Inc., a Nevada corporation ("RRI"), hereby employs Executive, and Executive hereby accepts such employment, upon the terms and conditions hereinafter set forth. The term of Executive's employment hereunder shall be deemed to have commenced on September 13, 2010, unless Executive commences employment on an earlier date to be mutually agreed upon (the "Effective Date"), and shall continue indefinitely, subject to termination as provided herein (such term being referred to herein as the "Employment Period"). RRI shall be the "employer" for tax, legal reporting, payroll processing and similar purposes.

2. Position and Duties.

(a) During the Employment Period, Executive shall be employed as and hold the title of Chief Executive Officer of the Company, with such duties, authorities and responsibilities that are customary for public company chief executive officer positions. Executive will be the principal executive officer of the Company, and shall report to the Company's Board of Directors, which will include interfacing with the Chair of the Company's Board of Directors, and certain committees of the Board of Directors and their respective chairpersons from time to time (collectively, the "Board"). The Board may assign Executive such other duties, authorities and responsibilities that are not inconsistent with his position as Chief Executive Officer of the Company. Executive shall also become a member of the Board as of the Effective Date. Thereafter, during the Employment Period, the Board shall nominate

Executive for re-election as a member of the Board at the expiration of the then current term, provided that the foregoing shall not be required to the extent prohibited by legal or regulatory requirements, or the current provisions of Section 6E of the Company's Certificate of Incorporation as in effect at any time or from time to time. During the Employment Period, Executive shall report only to the Board and all employees of the Company, RRI and the Company's subsidiaries shall report to Executive or his designee.

(b) During the Employment Period, Executive shall devote substantially all of his skill, knowledge and working time to the business and affairs of the Company and its subsidiaries; provided that in no event shall this sentence prohibit Executive from (i) performing personal, charitable, civic, educational, professional, community or industry activities (ii) serving on the boards of directors of non-profit organizations and, with the prior written approval of the Board, other for profit companies, and (iii) managing Executive's passive personal investments, so long as such activities do not materially and adversely interfere with Executive's duties for the Company or otherwise violate the terms and conditions of this Agreement or the Company's policies in effect from time to time applicable to executive officers of the Company. Executive shall perform his services at the Company's headquarters, presently located in Greenwood Village, Colorado.

(c) In his position as Chief Executive Officer, Executive shall, subject to the oversight of the Board and the "Authorization Limits" established from time to time by the Board, have full authority and responsibility to manage the operation of the Company's restaurants and franchise system, including the hiring and discharge of employees of the Company and its subsidiaries, closing, selling, developing and opening restaurants as contemplated by the annual budget approved by the Board (the "Annual Plan"), establishing and administering the Company's marketing plan, making improvements in and refurbishing the Company's restaurants consistent with the capital expenditure budget in the Annual Plan, administering and managing the day-to-day operation of the restaurants, granting new franchises and administering and managing the franchise operations consistent with the Annual Plan.

3. Compensation.

(a) Base Salary. During the Employment Period, Executive shall receive from the Company an annual base salary at the rate of \$700,000, with such salary to be adjusted at such times, if any, and in such amounts as determined by the Board; provided, however, Executive's annual base salary, even after any increases, shall not be decreased without Executive's prior written consent unless the annual salaries of all other Executive Officers are proportionately decreased, but in no event shall the annual base salary be decreased (i) by more than ten percent (10%) from Executive's highest annual base salary; (ii) on or following a Change in Control Event (as defined below but without any termination requirement applying for purposes of this clause (ii)); or (iii) during the one (1) year period commencing with the Effective Date. Executive's annual base salary shall be subject to annual review for increases by the Board during the Employment Term. The Company shall pay the annual base salary to Executive in accordance with the Company's and RRI's normal payroll policy. The annual base salary as determined herein from time to time shall constitute "Annual Base Salary" for purposes of this Agreement.

(b) Signing Bonus. Within ten business days following the Effective Date, the Company shall pay Executive a signing bonus in an amount of \$550,000 (the "Signing Bonus"); provided, however, Executive shall repay the gross amount of the Signing Bonus (\$550,000) if, prior to December 31, 2010, (i) Executive resigns without Good Reason or, (ii) is terminated for Cause.

(c) Annual Incentive Compensation. In addition to the Annual Base Salary, Executive is eligible to receive an annual cash bonus each fiscal year during the Employment Period as determined in accordance with the Company's annual incentive plan and as approved by the Compensation Committee (the "Annual Bonus"). For each fiscal year during the Employment Period, the Annual Bonus shall be targeted at not less than 100% of Executive's Annual Base Salary (as prorated for

partial years) (the “Target Bonus”). The actual amount of any Annual Bonus shall depend on the level of achievement of the applicable performance criteria established with respect to the Annual Bonus by the Board and the Compensation Committee in their good faith discretion. The Annual Bonus shall be paid during the first complete calendar year immediately following the fiscal year to which the Annual Bonus relates.

(d) Equity Awards.

(i) Inducement Grant. On the Effective Date, the Company will grant the following equity awards to Executive pursuant to the Company’s Amended and Restated 2007 Performance Incentive Plan (the “Plan”): (A) performance-based restricted stock units having a target value of \$400,000; (B) a number of non-qualified stock options that have a grant date fair value of \$550,000, which shall vest as follows: (x) 25% on the one-year anniversary of the Effective Date; and (y) thereafter in equal monthly installments over the following three years; and (C) 20,000 time-vested restricted stock units, of which 25% shall vest on each of the first, second, third and fourth anniversaries of the Effective Date. The terms and conditions of such performance-based restricted stock units, time-vested restricted stock units and stock options will be substantially the same as the terms and conditions of comparable awards made under the Plan except as follows: (a) the stock price used to calculate appreciation under the performance-based restricted stock unit agreement shall be equal to the closing price of the Company’s common stock on The NASDAQ Global Select Market on the Effective Date; (b) the options shall expire within seven years from the date of grant; (c) any limitation with respect to 280G of the Internal Revenue Code of 1986, as amended (the “Code”) in the Plan or in any equity grant agreement shall not apply except as provided in Section 21 hereof; and (d) any time-vesting and/or continued service requirements of such performance-based restricted stock units, time-vested restricted stock units and stock options shall 50% vest upon a termination of Executive’s employment by the Company without Cause or by Executive for Good Reason within the first twelve months following the Effective Date.

(ii) Annual Equity Awards. During the Employment Period, Executive shall be eligible to receive annual equity awards customarily granted in the first quarter of each fiscal year. Annual equity awards granted under the Plan (or any successor plan), if any, shall only be made by the Compensation Committee in its good faith discretion. The 2011 annual equity grant shall have a grant date fair value of not

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less than \$400,000. All future annual equity awards granted to Executive may be contingent on the attainment of certain performance criteria established with respect to such award by the Compensation Committee in its good faith discretion.

(e) Other Benefits.

(i) Welfare and Benefit Plans. During the Employment Period: (i) Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs of the Company and RRI to the same extent as other senior executive employees, including, among other things, participation in the Company’s Non-Qualified Deferred Compensation Plan; and (ii) Executive and/or Executive’s family, as the case may be, shall be eligible to participate in, and shall receive all benefits under, all welfare benefit plans, practices, policies and programs provided by the Company and RRI (including, to the extent provided, without limitation, medical, prescription, dental, disability, salary continuance, employee life insurance, group life insurance, accidental death and travel accident insurance plans and programs) to the same extent as other senior executive employees.

(ii) Expenses. During the Employment Period, Executive shall be entitled to receive prompt reimbursement for all reasonable travel and other expenses incurred by Executive in carrying out Executive’s duties under this Agreement, provided that Executive complies with the policies, practices and procedures of the Company and RRI for submission of expense reports, receipts or similar documentation of the incurrence and purpose of such expenses (collectively referred to herein as “Expense Policies”).

(iii) Automobile Allowance. During the Employment Period, Executive shall be paid a car allowance in the gross amount of \$15,000 annually, which shall be payable in monthly installments.

(iv) Payment of Legal Fees. The Company shall pay or Executive shall be reimbursed for his reasonable legal fees incurred in connection with negotiating and drafting this Agreement up to a maximum of \$30,000.

(v) Moving and Relocation Expenses. It is expected that Executive shall reside permanently in the Denver, Colorado metropolitan area on or before the date which is six months from the Effective Date. Employer will pay on Executive’s behalf relocation expenses as set forth below (inclusive of the Relocation Gross-Up (as defined below)) (“Relocation Expenses”), subject to Employer’s customary payroll practices and legal requirements regarding withholding. The Company shall also provide Executive with a tax gross-up for applicable federal, state and local taxes paid by Executive in connection with the reimbursement provided under this Section 3(e)(v) and the tax gross-up payment itself (the “Relocation Gross-Up”). The Relocation Gross-Up shall be paid no later than April 15th of the year following the year to which such taxable income relates. The Relocation Expenses shall include (i) any brokerage commissions incurred in the sale of Executive’s current home (up to 6% of the sales price of Executive’s current home), (ii) new loan financing fees, (iii) up to one “point on a new mortgage loan, and

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(iv) other costs associated with buying or selling a home in an amount not to exceed \$30,000. In addition, Relocation Expenses shall be provided for (i) reasonable expenses actually incurred by Executive to move personal effects from Los Angeles, California to the Denver, Colorado metropolitan area, (ii) reasonable costs incurred for four round trips to Denver, Colorado from Los Angeles, California to search for a home, and (iii) reimbursement for rent, electricity, gas and water expenses actually incurred by Executive for interim housing in the Denver, Colorado metropolitan area for a period of up to six months commencing on the Effective Date or such earlier date as Executive is no longer incurring such interim housing expenses. Notwithstanding the foregoing, Relocation Expenses shall not include “loss on sale” protection for Executive’s current home. The Company’s total reimbursement obligation in respect of the Relocation Expenses shall not exceed \$425,000. If Executive terminates his employment without Good Reason or is terminated by the Company for Cause prior to December 31, 2011, Executive shall be required to repay the Company the gross amount of the Relocation Expenses incurred pursuant to this Section 3(e)(v) within forty-five days of the termination date. Executive shall submit promptly to the Company receipts and other applicable documentation evidencing the Relocation Expenses, and the Company shall remit payment for such Relocation Expenses in accordance with its standard accounts payable practices, but in any event no later than one month after the date Executive submits such documentation.

(vi) Vacation. Executive shall be entitled to no less than four (4) weeks of paid vacation per calendar year (as prorated for partial years) in accordance with the Company’s policy on accrual and use applicable to executive officers as in effect from time to time.

(f) Reservation of Rights. The Company reserves the right to modify, suspend or discontinue any and all of the employee benefit plans, practices, policies and programs referenced in subsections (e)(i) and (ii) above at any time without recourse by Executive so long as such action is taken with respect to senior executives generally and does not single out Executive.

4. Termination.

(a) Death or Disability. Executive’s employment shall terminate automatically upon Executive’s death. If the Company determines in good faith that

the Disability of Executive has occurred, it may give to Executive written notice of its intention to terminate Executive's employment. In such event, Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by Executive, provided that, within the 30 days after such receipt, Executive shall not have returned to full-time performance of his duties.

(b) Cause. The Company may terminate Executive's employment at any time for Cause.

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(c) By the Company without Cause. The Company may terminate Executive's employment at any time without Cause by delivery of not less than thirty (30) days' advance written notice to Executive of the effective date of termination.

(d) By Executive for Good Reason. Executive may terminate his employment at any time for Good Reason by delivery of not less than thirty (30) days' advance written notice to the Company of the effective date of termination.

(e) Change in Control Event. Executive's employment shall terminate upon the occurrence of a Change in Control Event.

(f) Obligations of the Company Upon Termination.

(i) Death or Disability. If Executive's employment is terminated by reason of Executive's Death or Disability, Executive (or his legal representative or estate, if applicable) shall receive: (A) payment of (1) Executive's Annual Base Salary and any accrued but unused vacation through the date of termination to the extent not theretofore paid and reimbursement for any unreimbursed business expenses incurred through the date of termination, payable within 30 days of the effective date of termination; (2) any compensation previously deferred by Executive (together with any accrued interest or earnings thereon) payable pursuant to, and at such times as provided for by, such deferred compensation plan, program or policy; and (3) any payments, benefits or fringe benefits to which Executive shall be entitled under the terms of any applicable compensation arrangement or benefit, equity or fringe benefit plan or program or grant or this Agreement, payable at such times as provided for by such plan, program or grant (the payments and benefits described clauses (1), (2) and (3) shall be hereinafter referred to as the "Accrued Obligations"); (B) any Annual Bonus earned but unpaid with respect to the fiscal year ending on or preceding the date of termination, payable at the time such Annual Bonus would have been paid if Executive was still employed with the Company; and (C) payment on the next Annual Bonus payment date immediately following the end of the fiscal year of the effective date of termination, payable at the time such Annual Bonus would have been paid if Executive was still employed with the Company, of a pro rata share (determined on the basis of the number of days during which Executive was employed by the Company during the applicable fiscal year prior to the effective date of termination) of the Annual Bonus that would otherwise have been earned and be payable pursuant to Section 3(c) hereof had Executive continued to be employed by the Company on such Annual Bonus payment date.

(ii) Cause or Resignation other than with Good Reason. If Executive's employment is terminated by the Company for Cause or Executive resigns without Good Reason, this Agreement shall terminate without further obligations to Executive other than for the payment of Accrued Obligations at the time or times described therefor in Section 4(f)(i). If it is subsequently determined that the Company did not have Cause for termination hereof or that Executive had Good Reason for termination, then the decision to terminate shall be deemed to have been made under Section 4(c) or Section 4(d) hereof, respectively, and the amounts payable under Section 4(f)(iii) hereof shall be the only amounts Executive may receive on account of his termination.

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(iii) Upon Change in Control Event, by the Company without Cause or for Good Reason. If Executive's employment terminates upon the occurrence of a Change in Control Event, the Company terminates Executive's employment for any reason other than for Cause (but not including death or Disability) or Executive terminates his employment for Good Reason, this Agreement shall terminate without further obligations to Executive other than:

(A) payment of (1) Accrued Obligations at the time or times described therefor in Section 4(f)(i) and (2) any Annual Bonus earned but unpaid with respect to the fiscal year ending on or preceding the date of termination, payable at the time such Annual Bonus would have been paid if Executive was still employed with the Company;

(B) (1) upon a Change in Control Event, a severance payment equal to two (2) times the sum of (x) Executive's Annual Base Salary and (y) the highest Annual Bonus amount earned by Executive for performance in the last three completed calendar years prior to the Change in Control Event for which bonuses have been paid or are payable (which Annual Bonus may be in the aggregate if Executive has earned more than one bonus payment for such calendar year), payable in a lump sum on the sixtieth (60th) day following the effective date of termination, provided, however, if the Change in Control Event occurs in 2010 or 2011, then the amount payable under this subparagraph (y) shall be based on Executive's Target Bonus; or (2) upon a termination by Executive for Good Reason or by the Company other than for Cause (and that is not a Change in Control Event), a severance payment equal to two times Executive's Annual Base Salary, payable in a lump sum on the sixtieth (60th) day following the effective date of termination;

(C) on the next Annual Bonus payment date immediately following the end of the fiscal year of the effective date of termination, payable at the time such Annual Bonus would have been paid if Executive was still employed with the Company, of the pro rata share (determined on the basis on the number of days during which Executive served the Company during the applicable fiscal year prior to the effective date of termination) of the Annual Bonus that would otherwise have been earned and be payable had Executive continued to be employed by the Company on such Annual Bonus payment date, subject in each case to standard withholdings and other authorized deductions; and

(D) monthly payments (or reimbursement to Executive) of the cost of continuing coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") or otherwise, if COBRA does not apply, for Executive and his spouse under the Company's and RRI's then existing medical, dental and prescription insurance plans for a period of eighteen (18) months, provided that Executive elects such continuing coverage in accordance with the requirements of each such plan (provided that during any period when Executive is eligible to receive such benefits under any employer-provided plan

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or through any government-sponsored program such as Medicare, the benefits provided under this clause (D) may be made secondary to those provided under such other plan);

provided, however, that as conditions precedent to receiving the payments and benefits provided for in this Section 4(f)(iii) (other than payment of the Accrued Obligations), Executive shall execute and deliver to the Company and RRI a general release agreement substantially in the form attached hereto as Exhibit A within fifty (50) days of such termination and not revoke within the seven day revocation period thereafter, and all rights of Executive thereunder or under applicable law to rescind or revoke the release shall have expired; and provided, further, to the extent payment of any amount of the payments described

in this Section 4(f)(iii) constitutes “nonqualified deferred compensation” for purposes of Section 409A of the Code, any such payment scheduled to occur during the first sixty (60) days following the termination of employment shall not be paid until the sixtieth (60th) day following such termination of employment and shall include payment of any amount that was otherwise scheduled to be paid prior thereto.

(iv) Exclusive Remedy. Executive agrees that the payments contemplated by this Section 4(f) shall constitute the exclusive and sole remedy for any termination of his employment, and Executive covenants not to assert or pursue any other remedies, at law or in equity, with respect to any termination of employment; provided, however, that nothing contained in this Section 4(f)(iv) shall prevent Executive from otherwise challenging in a subsequent arbitration proceeding a determination by the Company that it was entitled to terminate Executive’s employment hereunder for Cause.

(v) No Mitigation; No Offset. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement, nor shall the amount of any payment hereunder be reduced by any compensation earned by the Executive as a result of employment by a subsequent employer, except as provided in Section 4(f)(iii)(D).

(g) Survival of Certain Obligations Following Termination. Notwithstanding any other provision contained in this Agreement, the provisions in this Section 4, Sections 5 through 11 and 14 through 22 of this Agreement shall survive any termination of Executive’s employment hereunder (but shall be subject to Executive’s right to receive the payments and benefits provided under this Section 4).

5. Confidential Information. Except in the good-faith performance of his duties hereunder, Executive shall not disclose to any person or entity or use, any information not in the public domain, in any form, acquired by Executive while he was employed or associated with the Company or RRI or, if acquired following the termination of such association, such information which, to Executive’s knowledge, has been acquired, directly or indirectly, from any person or entity owing a duty of confidentiality to the Company or RRI, relating to the Company or its business. The foregoing shall not apply to information that (i) was known to the public prior to

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its disclosure to Executive; (ii) becomes generally known to the public subsequent to disclosure to Executive through no wrongful act of Executive or any representative of Executive; or (iii) Executive is required to disclose by applicable law, regulation or legal process. Executive agrees and acknowledges that all of such information, in any form, and copies and extracts thereof are and shall remain the sole and exclusive property of the Company, and Executive shall on request return to the Company the originals and all copies of any such information provided to or acquired by Executive in connection with his association with the Company or RRI, and shall return to the Company all files, correspondence and/or other communications received, maintained and/or originated by Executive during the course of such association.

6. Covenant Not to Compete. Executive agrees that, (i) for the period commencing on the Agreement Date and ending twelve (12) months after the date of termination of Executive’s employment, Executive shall not, in the Territory (hereinafter defined), directly or indirectly, either for himself or for, with or through any other Person, own, manage, operate, control, be employed by, participate in, loan money to or be connected in any manner with, or permit his name to be used by, any business that competes with the Company and its subsidiaries in the casual dining restaurant business or (ii) for the period commencing on the Agreement Date and ending twenty-four (24) months after the date of termination of Executive’s employment, Executive shall not, in the Territory, directly or indirectly, either for himself or for, with or through any other Person, own, manage, operate, control, be employed by, participate in, loan money to or be connected in any manner with, or permit his name to be used by, any of the following companies or restaurant concepts: Chili’s, Applebees, TGI Fridays, Ruby Tuesday and any “fast casual” burger concept, including, without limitation, Smashburger, Five Guys, The Counter, Fuddruckers or Old School Burger (in the case of (i) or (ii), a “Competitive Activity”). For purposes of this Agreement, the term “participate” includes any direct or indirect interest, whether as an officer, director, employee, partner, sole proprietor, trustee, beneficiary, agent, representative, independent contractor, consultant, advisor, provider of personal services, creditor, owner (other than by ownership of less than five percent of the stock of a publicly-held corporation whose stock is traded on a national securities exchange or in the NASD National Market (a “Public Company”). “Territory” means North America and the territories of the United States in the Caribbean, including Puerto Rico. Notwithstanding the foregoing, the provisions of this Section 6 shall not be violated by Executive providing services to a subsidiary, division or unit of any entity that engages in a business in competition with the Company or any of its subsidiaries so long as such subsidiary, division or unit to which Executive provides services does not engage in the Competitive Activity.

7. No Interference. Except in the good faith performance of his duties hereunder, during the period commencing on the Agreement Date and ending two (2) years following the date of termination of Executive’s employment, Executive shall not, without the prior written approval of the Company, directly or indirectly through any other Person (i) induce or attempt to induce any employee of the Company or RRI at the level of assistant store manager or higher to leave the employ of the Company or RRI, or in any way interfere with the relationship between the Company or RRI and any employee thereof, (ii) hire any Person who was an employee of the Company or RRI at the level of assistant store manager or higher within twelve months after such Person’s employment with the Company or RRI was terminated for any reason or (iii) induce or attempt to induce any supplier or other business relation of the Company or RRI to cease doing business with the Company or RRI, or in any way interfere with the relationship

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between any such supplier or business relation and the Company or RRI. Notwithstanding the foregoing, the provisions of this Section 7 shall not be violated by (a) general advertising or solicitation not specifically targeted at Company-related persons or entities, (b) Executive serving as a reference, upon request, for any employee of the Company or any of its subsidiaries or affiliates, or (c) actions taken by any person or entity with which Executive is associated if Executive is not personally involved in any manner in the matter, does not serve as a reference and has not identified such Company-related person or entity for soliciting or hiring.

8. Return of Documents. In the event of the termination of Executive’s employment following the Agreement Date for any reason, Executive shall deliver to the Company all of (i) the property of the Company or any of its subsidiaries, and (ii) non-personal documents and data of any nature and in whatever medium of the Company or any of its subsidiaries, and he shall not take with him any such property, documents or data or any reproduction thereof, or any documents containing or pertaining to any Confidential Information. Executive may retain Executive’s rolodex and similar address books provided that such items only include contact information.

9. Reasonableness of Restrictions. Executive agrees that the covenants set forth in Sections 5, 6, 7 and 8 are reasonable with respect to their duration, geographical area and scope. In the event that any of the provisions of Sections 5, 6, 7 and 8 relating to the geographic or temporal scope of the covenants contained therein or the nature of the business or activities restricted thereby shall be declared by a court of competent jurisdiction to exceed the maximum restrictiveness such court deems enforceable, such provision shall be deemed to be replaced herein by the maximum restriction deemed enforceable by such court. In addition, any covenants pursuant to any equity award agreement or equity incentive plan, including without limitation, the Plan, that is greater in duration, geographical area and scope of the covenants set forth in Section 5, 6, 7 and 8 shall not apply to Executive and shall only apply to Executive to the extent such covenants are consistent with Sections 5, 6, 7 and 8 with respect to their duration, geographical area and scope.

10. Injunctive Relief. The parties hereto agree that the Company would suffer irreparable harm from a breach by Executive of any of the covenants or agreements contained herein, for which there is no adequate remedy at law. Therefore, in the event of the actual or threatened breach by Executive of any of the provisions of this Agreement, the Company, or its respective successors or assigns, may, in addition and supplementary to other rights and remedies existing in their favor, apply to any court of law or equity of competent jurisdiction for specific performance, injunctive or other relief in order to enforce compliance with, or prevent any violation of, the provisions hereof; and that, in the event of such a breach or threat thereof, the Company shall be entitled to obtain a temporary restraining order and/or a preliminary or permanent injunction restraining Executive from engaging in activities prohibited hereby or such other relief as may be required to specifically enforce any of the covenants contained herein.

11. Extension of Restricted Periods. In addition to the remedies the Company may seek and obtain pursuant to this Agreement, the applicable restricted periods set forth herein shall be extended by any and all periods during which Executive shall be found by a court to have been in violation of the covenants contained herein.

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12. Stock Ownership Requirement. While employed by the Company, Executive shall be expected to maintain ownership of common stock or stock equivalents having a value equal to approximately 3.5 times his Annual Base Salary in accordance with guidelines established by the Compensation Committee from time to time. For purposes of these guidelines, stock ownership includes shares over which Executive has direct or indirect ownership or control. Stock equivalents for this purpose include vested restricted share units but do not include unvested restricted share units subject to a performance requirement. Executive is expected to meet this ownership requirement within five years after the Effective Date. In the event Executive is unable to meet the foregoing ownership requirements within five years of the Effective Date, Executive shall retain all net after tax profit shares following option exercise and/or the vesting of restricted stock units until Executive has satisfied the requirements set forth in this Section 12. No additional liability shall apply to Executive if Executive fails to satisfy the stock ownership requirements set forth in this Section 12.

13. Physical Exam. Executive shall be required, on an annual basis, to undergo a physical examination and to send evidence that Executive has undergone such exam (but in no case the results of such exam) to the Chair of the Board. The Company shall reimburse Executive for any out-of-pocket expenses relating to the physical examination that are not otherwise covered by Executive's health insurance plan.

14. Definitions. As used herein, unless the context otherwise requires, the following terms have the following respective meanings:

"Cause" means with respect to the termination by the Company of Executive as an employee of the Company:

- (i) Executive's continual, deliberate neglect in the performance of his material duties;
- (ii) Executive's material failure to devote substantially all of his working time to the business of the Company and its subsidiaries (other than as expressly permitted in this Agreement)
- (iii) Executive's willful failure to follow the lawful directives of the Board in any material respect, provided, that such directives are consistent with this Agreement;
- (iv) Executive's engaging willfully in misconduct in connection with the performance of any of his duties, including, without limitation, falsifying or attempting to falsify documents, books or records of the Company or its subsidiaries, misappropriating or attempting to misappropriate funds or other property, or securing or attempting to secure any personal profit in connection with any transaction entered into on behalf of the Company or its subsidiaries;
- (v) the violation by Executive, in any material respect, of any written policies, codes and standards of behavior and conduct generally applicable to employees of the Company or its subsidiaries;

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(vi) Executive's material breach of the provisions of this Agreement or any other non-competition, non-interference, non-disclosure, confidentiality or other similar agreement executed by Executive with the Company or any of its subsidiaries or other active disloyalty in a material manner to the Company or any of its subsidiaries;

(vii) Executive's engaging in willful misconduct with respect to any material aspect of the business of the Company; or

(viii) The indictment for, conviction of, or pleading of guilty or nolo contendere to, a felony or any crime involving moral turpitude;

provided, however, Executive will not be deemed to have been terminated for Cause in the case of clauses (i), (ii), (iv) and (v) above, unless any such failure or material breach is not fully corrected prior to the expiration of the ten (10) business day period following delivery to Executive of the Company's written notice that specifies in detail of the alleged Cause event(s) and the Company's intention to terminate his employment for Cause.

"Change in Control Event" means:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a "Person")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% or more of either (1) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (2) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that, for purposes of this definition, any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any affiliate of the Company or a successor shall not constitute a Change in Control Event;

(ii) In the event the Board is a classified board, a majority of the individuals who serve in the same class of directors that constitute the Board as of the Effective Date (the "Incumbent Board") cease for any reason to constitute at least a majority of that class of directors, or in the event the Board is not a classified board, members of the Incumbent Board cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board (including for these purposes, the new members whose election or nomination was so approved, without counting the member and his predecessor twice) shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

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(iii) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its Subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its Subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from

such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets directly or through one or more subsidiaries (a "Parent")) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any entity resulting from such Business Combination or a Parent or any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination or Parent) beneficially owns, directly or indirectly, more than 50% of, respectively, the then-outstanding shares of common stock of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that the ownership in excess of more than 50% existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors or trustees of the entity resulting from such Business Combination or a Parent were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iv) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company;

provided, however, that any of the foregoing events shall constitute a Change in Control Event only if Executive's employment with the Company as Chief Executive Officer is involuntarily terminated for a reason other than Cause or Executive voluntarily terminates for Good Reason on or within twenty-four (24) months following such Change of Control Event.

"Disability" means the failure of Executive to have performed Executive's material duties hereunder due to a physical or mental injury, infirmity or incapacity for one hundred eighty (180) days (including weekends and holidays) in any 365-day period.

"Good Reason" shall mean the occurrence, without Executive's express written consent, of: (i) a material reduction in Executive's Annual Base Salary (other than as permitted pursuant to Section 3) or target Annual Bonus opportunity; (ii) a relocation of the Company's headquarters to a location more than fifty (50) miles from the location as provided in Section 2(b); (iii) any material breach by the Company of any provision of this Agreement or any material provision of any equity award agreement, including without limitation, the removal of Executive from the Board by the Company (other than for Cause), the failure by the Board to

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nominate Executive to serve on the Board as required by Section 2 hereof, a breach of Section 22(a) hereof or a material reduction in the authority granted under the Authorization Limits; (iv) Executive being required to report to another person other than the Board; or (v) a material diminution in Executive's title, duties, or responsibilities (other than temporarily while physically or mentally incapacitated or as required by applicable law); provided that Executive gives written notice to the Company of the existence of such a condition within 90 days of the initial existence of the condition and the Company has at least 30 days from the date when such notice is provided to cure the condition without being required to make payments due to termination for Good Reason. No termination for Good Reason shall occur after the 180th day following the first occurrence of any Good Reason event.

15. Arbitration. Any controversy arising out of or relating to this Agreement, its enforcement or interpretation, or because of an alleged breach, default, or misrepresentation in connection with any of its provisions, or any other controversy arising out of Executive's employment, including, but not limited to, any state or federal statutory claims, shall be submitted to arbitration in Denver, Colorado, before a sole arbitrator selected from Judicial Arbitrator Group, Inc., Denver, Colorado, or its successor ("JAG"), or if JAG is no longer able to supply the arbitrator, such arbitrator shall be selected from the Judicial Arbitration and Mediation Services, Inc. ("JAMS"), or other mutually agreed upon arbitration provider, as the exclusive forum for the resolution of such dispute. Provisional injunctive relief may, but need not, be sought by either party to this Agreement in a court of law while arbitration proceedings are pending, and any provisional injunctive relief granted by such court shall remain effective until the matter is finally determined by the Arbitrator unless such relief is terminated by a court of law or the Arbitrator. Final resolution of any dispute through arbitration may include any remedy or relief which the Arbitrator deems just and equitable, including any and all remedies provided by applicable state or federal statutes. At the conclusion of the arbitration, the Arbitrator shall issue a written decision that sets forth the essential findings and conclusions upon which the Arbitrator's award or decision is based. Any award or relief granted by the Arbitrator hereunder shall be final and binding on the parties hereto and may be enforced by any court of competent jurisdiction. The parties acknowledge and agree that they are hereby waiving any rights to trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other in connection with any matter whatsoever arising out of or in any way connected with this Agreement or Executive's employment. The parties agree that Company shall be responsible for payment of the forum costs of any arbitration hereunder, including the Arbitrator's fee. Each party shall bear his or its own legal costs, provided that if the Arbitrator determines that the Company has acted in bad faith, then Executive shall be entitled to the reasonable attorneys' fees and costs incurred by him in connection with resolution of the dispute in addition to any other relief granted. Payments by the Company for Executive's reasonable attorneys' fees and costs, if applicable, shall be made within sixty (60) days following the date of the Arbitrator's final non-appealable decision.

16. Governing Law. This Agreement and the legal relations hereby created between the parties hereto shall be governed by and construed under and in accordance with the internal laws of the State of Colorado, without regard to conflicts of laws principles thereof. Each Participant shall submit to the venue and personal jurisdiction of the Colorado state and federal courts concerning any dispute arising from or relating to the Plan; however the Company is not limited in seeking relief in those courts.

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17. Taxes. In order to comply with all applicable federal or state income tax laws or regulations, the Company may withhold from any payments made under this Agreement all applicable federal, state, city or other applicable taxes.

18. Section 409A Savings Clause

(a) It is the intention of the parties that compensation or benefits payable under this Agreement that are nonqualified deferred compensation under Section 409A of the Code not be subject to the additional tax imposed pursuant to Section 409A of the Code and that such payments comply with, or be exempt from Section 409A of the Code and the Treasury Regulations and guidance promulgated thereunder, accordingly, to the maximum extent permitted, and that this Agreement shall be interpreted to be in compliance therewith. If Executive notifies the Company (with specificity as to the reason therefor) that Executive believes that any provision of this Agreement (or of any award of compensation, including with respect to equity compensation or benefits) would cause Executive to incur any additional tax or interest under Code Section 409A of the Code and the Company concurs with such belief or the Company independently makes such determination, the Company shall, after consulting with Executive, reform such provision to try to comply with Section 409A of the Code through good faith modifications to the minimum extent reasonably appropriate to conform with Section 409A of the Code. To the extent that any provision hereof is modified in order to comply with Section 409A of the Code, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to Executive and the Company of the applicable provision without violating the provisions of Section 409A of the Code.

(b) Notwithstanding anything in this Agreement to the contrary, if on the date of termination of Executive's employment with the Company,

(i) Executive would not have a separation from service within the meaning of Section 409A of the Code and the Treasury Regulations thereunder ("Separation From Service"), and as a result of such termination of employment would receive any payment that, absent the application of this Section 18(b)(i), would be subject to additional tax imposed pursuant to Section 409A of the Code, then such payment shall instead be payable on the date that is the earliest of (A) Executive's Separation From Service, (B) the date Executive becomes disabled (within the meaning of Section 409A(a)(2)(C) of the Code), (C) Executive's death, or (D) such other date as will not result in such payment being subject to such additional tax; and if

(ii) Executive is a specified employee within the meaning of Section 409A(a)(2)(B)(i) of the Code and would receive any payment sooner than 6 months after Executive's Separation From Service that, absent the application of this Section 18(b)(ii), would be subject to additional tax imposed pursuant to Section 409A of the Code as a result of such status as a specified employee, then such payment shall instead be payable on the date that is the earliest of (A) 6 months after Executive's Separation From Service, (B) Executive's death, or (C) such other date as will not result in such payment being subject to such additional tax.

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(c) With regard to any provision herein that provides for reimbursement of costs and expenses or the provision of in-kind benefits, except as otherwise permitted by Section 409A of the Code, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, (ii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, provided that the foregoing clause (ii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect and (iii) such payments shall be made on or before the last day of Executive's taxable year following the taxable year in which the expense was incurred. Any tax gross-up payment as provided herein shall be made in any event no later than the end of the calendar year immediately following the calendar year in which Executive remits the related taxes, and any reimbursement of expenses incurred due to a tax audit or litigation shall be made no later than the end of the calendar year immediately following the calendar year in which the taxes that are the subject of the audit or litigation are remitted to the taxing authority, or, if no taxes are to be remitted, the end of the calendar year following the calendar year in which the audit or litigation is completed.

(d) For purposes of Section 409A of the Code, Executive's right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments and each payment made under this Agreement (and under any award of compensation, including of equity compensation or benefits) shall be a separately identified or designated amount. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within sixty (60) days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company.

19. Entire Agreement. This Agreement (including Exhibits) constitutes and contains the entire agreement and final understanding concerning Executive's employment with the Company and the other subject matters addressed herein between the parties. It is intended by the parties as a complete and exclusive statement of the terms of their agreement. It supersedes and replaces all prior negotiations and all agreements proposed or otherwise, whether written Or oral, concerning the subject matter hereof. Any representation, promise or agreement not specifically included in this Agreement shall not be binding upon or enforceable against either party. This is a fully integrated agreement.

20. Amendment and Waiver. The provisions of this Agreement may be amended or waived only with the prior written consent of the Board (or a person expressly authorized thereby) and Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

21. Excise Tax Payment.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") including, by example and not by way of limitation,

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acceleration (by the Company or otherwise) of the date of vesting or payment under any plan, program, arrangement or agreement of the Company, would be subject to the excise tax imposed by Code Section 4999 or any interest or penalties with respect to such excise tax (such excise tax together with any such interest and penalties, shall be referred to as the "Excise Tax"), then there shall be made a calculation under which such Payments provided to Executive are reduced to the extent necessary so that no portion thereof shall be subject to the Excise Tax (the "4999 Limit"). A comparison shall then be made between (A) Executive's Net After-Tax Benefit (as defined below) assuming application of the 4999 Limit; and (B) Executive's Net After-Tax Benefit without application of the 4999 Limit. If (B) exceeds (A) by \$50,000 or more, then no limit on the Payments received by Executive under this Agreement shall be imposed by this Section 21. Otherwise, the amount payable to Executive pursuant to this Agreement shall be reduced so that no such Payment is subject to the Excise Tax. "Net After-Tax Benefit" shall mean the sum of (x) all payments that Executive receives or is entitled to receive from the Company that are contingent on a change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company within the meaning of Code Section 280G(b)(2) (either, a "Section 280G Transaction"), less (y) the amount of federal, state, local and employment taxes and Excise Tax (if any) imposed with respect to such payments.

(b) All determinations required to be made under this Section 21, including whether and when a Payment is cut back pursuant to Section 21(a) and the amount of such cut-back, and the assumptions to be utilized in arriving at such determination, shall be made by a certified public accounting firm designated by the Board and approved by Executive, which approval shall not be unreasonably withheld (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and Executive. If the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change in Control Event, the Board shall appoint (subject to Executive's approval, which shall not be unreasonably withheld) another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company.

(c) If Payments to which Executive would otherwise be entitled are reduced such that no portion thereof is subject to the Excise Tax, then the reduction of the Payments shall be made by reducing the payments and benefits under the following sections of this Agreement in the following order: (1) the cancellation of acceleration of vesting of any equity awards for which the exercise price exceeds the then fair market value of the underlying equity, (2) from Section 4(f)(iii)(B), (3) from Section 4(f)(iii)(C), (4) from Section 4(f)(iii)(D), and (5) the cancellation of vesting of any equity awards not covered in clause (1) above, provided, that such acceleration of vesting shall be cancelled in the reverse order of the date of vesting of such equity awards, that is, the accelerated vesting of equity awards that vest later shall be cancelled before equity awards that vest earlier, and provided, further, that to the extent permitted by Section 409A of the Code and Sections 280G and 4999 of the Code, if a different reduction procedure would be permitted without violating Section 409A of the Code or losing the benefit of the reduction under Sections 280G and 4999 of the Code, Executive may designate a different order of reduction.

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22. Miscellaneous.

(a) No Assignments. This Agreement is personal to each of the parties hereto. Except as provided in this Section 22(a) hereof, no party may assign or delegate any rights or obligations hereunder without first obtaining the written consent of the other party hereto. The Company may only assign this Agreement to any

successor to all or substantially all of the business and/or assets of the Company, provided that the Company shall require such successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company and any successor to its business and/or assets, which assumes and agrees to perform the duties and obligations of the Company under this Agreement by operation of law or otherwise.

(b) Indemnification. The Company shall not amend its by-laws so as to limit Executive's rights to indemnification from what currently exists without Executive's prior written consent except as otherwise required by law.

(c) Binding Effect. This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive, the Company and their respective heirs, successors and assigns, except that Executive may not assign his rights or delegate his obligations hereunder without the prior written consent of the Company.

(d) 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:

If to the Company, to:

Red Robin Gourmet Burgers, Inc.
6312 South Fiddler's Green Circle, Suite 200N
Greenwood Village, CO 80111
Attention: Chair of the Board of Directors and General Counsel
Facsimile No.: 303-846-6048

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with a copy to:

Davis Graham & Stubbs LLP
1550 Seventeenth Street, Suite 500
Denver, Colorado 80202
Attention: Ronald R. Levine, II
Facsimile No.: 303-893-1379

If to Executive, to:

Stephen E. Carley
c/o Red Robin Gourmet Burgers, Inc.
6312 South Fiddler's Green Circle, Suite 200N
Greenwood Village, CO 80111
Facsimile No.: 303-846-6048

with a copy to:

Proskauer Rose LLP
1585 Broadway
New York, New York 10036-8299
Attention: Michael S. Sirkin
Facsimile No.: 212-969-2900

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.

(e) Headings. The section and other headings contained in this Agreement are for the convenience of the parties only and are not intended to be a part hereof or to affect the meaning or interpretation hereof

(f) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

(g) Construction. Each party has cooperated in the drafting and preparation of this Agreement. Hence, in any construction to be made of this Agreement, the same shall not be construed against any party on the basis that the party was the drafter.

(h) Savings Clause. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or applications and to this end the provisions of this Agreement are declared to be severable.

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

RED ROBIN GOURMET BURGERS, INC.

By: /s/ Pattye Moore
Pattye Moore, Chair of the Board

EXECUTIVE:

STRICTLY CONFIDENTIAL

EXHIBIT A

GENERAL RELEASE

1. Definitions.

I intend all words used by this Release to have their plain meanings in ordinary English. These terms shall have the following meanings:

- A. *I, me, my and Releasor* mean me and anyone who has or obtains any legal rights or claims through me.
- B. *Employer* means: (i) Red Robin Gourmet Burgers, Inc. and Red Robin International, Inc. (collectively, the "Company"), (ii) any company related to the Company in the past or present, (iii) limited to their capacities related to the Company, the past and present officers, directors, employees, shareholders, attorneys, agents and representatives of the Company, (iv) any present or past employee benefit plan sponsored by the Company and/or officers, directors, trustees, administrators, employees, attorneys, agents and representatives of such plan, (v) and any person (limited to his or her capacity related to the Company) who acted on behalf of the Company on instruction from the Company.
- C. *Employment Agreement* means that certain Employment Agreement dated as of August 11, 2010, between me and the Company.
- D. *My claims* means all of my rights to any relief of any kind from the Employer, including but not limited to:
1. All claims I now have, whether or not I now know about such claims, including all claims arising out of or relating to my past employment with Employer, the termination of that employment or statements or actions of the Employer including, but not limited to: breach of contract; defamation; infliction of emotional distress; wrongful discharge; workers' compensation retaliation; violation of the Age Discrimination in Employment Act of 1967; Fair Labor Standards Act; Title VII of the Civil Rights Act of 1964; the Civil Rights Acts of 1866 and 1871; the Civil Rights Act of 1991; the Family and Medical Leave Act; the National Labor Relations Act; The Americans with Disabilities Act; COBRA; ERISA; the anti-discrimination laws of the state in which I reside and of any other state; the Wage Claim Act or corresponding statute of the state in which I reside; and/or any other federal, state or local statute, law, ordinance, regulation, order or principle of common law;
 2. All claims I have now, whether or not I know about the claims, for any type of relief from the Employer, including, but not limited to, all claims for back pay, front pay, lost benefits, reinstatement, liquidated damages, punitive damages, and damages for any alleged breach of contract, any tort claim and any alleged personal injury or emotional injury or damage; and

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3. All claims for attorneys' fees (except as provided below);

but excluding (i) my rights to receive payments and benefits pursuant to Section 4(f)(iii) of my Employment Agreement; (ii) my rights to indemnification (including advancement of attorneys' fees) and directors and officers liability insurance; (iii) my rights as a stockholder of the Company; (iii) my rights to any payment or benefit under any employee benefit plan, program or policy or equity incentive plan; and (iv) my rights to any vesting and exercise of any equity grant pursuant to the terms of such equity grant; and (v) any payment or reimbursement, including any tax gross-up payment, as provided for in the Employment Agreement.

2. Agreement to Release My Claims.

In exchange for my right to receive payments and other benefits under Section 4(f)(iii) of my Employment Agreement, I agree to give up all My Claims against the Employer and give up all other actions, causes of action, claims or administrative complaints that I have against the Employer. I will not bring any lawsuits or administrative claims against the Employer relating to the claims that I have released nor will I allow any lawsuits or claims to be brought or continued on my behalf or in my name. The money and other consideration I receive pursuant to Section 4(f)(iii) of my Employment Agreement is a full and fair payment for the release of My Claims and the Employer does not owe me anything further for My Claims. Separate from this agreement, I will also receive the Accrued Obligations (as defined in my Employment Agreement). My rights to receive the other payments and benefits due under Section 4(f)(iii) of my Employment Agreement shall be effective only after receipt by the Employer of this Release, signed by me and properly notarized, and after the expiration of the seven (7) day revocation period mentioned in Section 5, below. I understand that I will not receive any payments due me under Section 4(f)(iii) of my Employment Agreement (other than payment of the Accrued Obligations under clause (1) thereof) if I revoke or rescind this Release, and in any event, until after the seven (7) day revocation period has expired.

I further agree to reimburse the Employer for any cost; loss; expense, including reasonable attorneys' fees; awards or judgments resulting from my failure to perform my obligations under this Release or from any misstatement or omission I have made in this Release; and

3. Additional Agreement and Understandings.

Even though the Employer will pay me to settle and release My Claims, the Employer does not admit that it is legally obligated to me, and the Employer denies that it is responsible or legally obligated for My Claims or that it has engaged in any improper conduct or wrongdoing against me.

I have read this Release carefully and understand its terms. I am hereby being advised by the Employer to consult with an attorney prior to signing this Release. My decision to sign or not to sign this Release is my own voluntary decision made with full knowledge that the Employer has advised me to consult with an attorney. In agreeing to sign this

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Release, I have not relied on any statement or explanation of my rights or obligations made by the Employer or its attorneys.

I am old enough to sign this Release and to be legally bound by the agreements that I am making. I represent that I have not filed for personal bankruptcy or been involved in any personal bankruptcy proceeding between the time any of My Claims accrued and date of my signature below. I am legally able and entitled to receive the entire sum of money being paid to me by the Employer in settlement of My Claims. I have not assigned or pledged any of My Claims or any portion of them to any third person. I am a resident of the State of Colorado and have executed this Release within the State of Colorado. I understand and agree that this Release contains all the agreements between the Employer and me relating to this settlement, and that it supersedes all prior negotiations and agreements relating to the subject matter hereof.

4. Twenty-One Day Period to Consider the Release.

I understand that I have twenty-one (21) days from the day that I receive this Release, not counting the day upon which I receive it, to consider whether I wish to sign this Release. If I cannot make up my mind in that time, the Employer may or may not allow more time. I acknowledge that if I sign this Release before the end of the twenty-one (21) day period, it will be my personal, voluntary decision to do so.

5. Seven Day Period to Rescind the Release.

I understand that I may rescind (that is, cancel) this Release for any reason within seven (7) calendar days after I sign and deliver it to the Employer. I understand that my notice rescinding this agreement must be in writing and hand-delivered or mailed to the Employer. If mailed, my notice rescinding this agreement must be:

A. Postmarked within seven (7) days after I sign and deliver this agreement to the Employer;

B. Properly addressed to: Red Robin Gourmet Burgers, Inc.
Red Robin International, Inc.
6312 South Fiddler's Green Circle, Suite 200 North
Greenwood Village, CO 80111
Attention: Chief Legal Officer

and

C. Sent by certified mail, return receipt requested, postage pre-paid.

6. Mutual Non-Disparagement.

For three (3) years, (i) I agree that I will not, directly or indirectly, make or ratify any statement, public or private, oral or written, to any person that is intended to disparage, either professionally or personally, the Company or its parents, subsidiaries and affiliates, past and present, and each of them, as well as its and their trustees, directors and officers,

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agents, attorneys, and employees and (ii) the Company agrees that the Company and its subsidiaries and its directors and senior executives will not, directly or indirectly, make or ratify any statement, public or private, oral or written, to any person that is intended to disparage, either professionally or personally, me or my professional reputation. Nothing herein shall prohibit any party (1) from disclosing that I am no longer employed by the Company; (2) from responding truthfully to any governmental investigation, legal process or inquiry related thereto, (3) from making traditional competitive statements in the course of promoting a competing business (other than in violation of Sections 5 or 6 of the Employment Agreement); or (4) from making a good faith rebuttal of the other party's untrue or misleading statement.

7. Survival of Certain Provisions of Employment Agreement.

Sections 5 through 22 (excluding Sections 12 and 13) of the Employment Agreement shall survive the termination of my employment and are incorporated herein by reference as if fully set forth.

8. Choice of Law.

This Release shall be deemed to have been executed and delivered within the State of Colorado, and my rights and obligations and the rights and obligations of the Employer hereunder shall be construed and enforced in accordance with, and governed by, the laws of the State of Colorado without regard to principles of conflict of laws.

9. Arbitration.

Any dispute or controversy arising out of interpretation or enforcement of this Release shall be resolved pursuant to the terms set forth in Section 15 of the Employment Agreement.

10. Severability.

If any provision of this Release is declared by any court of competent jurisdiction to be invalid for any reason, such invalidity shall not affect the remaining provisions. On the contrary, such remaining provisions shall be fully severable, and this Release shall be construed and enforced as if such invalid provisions never had been inserted in the Release.

RELEASOR

Stephen E. Carley
Date: _____

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COUNTY OF

) ss:

Subscribed and sworn to me a Notary Public in and for the state of
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by

this

day of

,

Notary Public in and for the State of
My commission expires:

AGREED AND ACCEPTED FOR EMPLOYER:

RED ROBIN GOURMET BURGERS, INC.
RED ROBIN INTERNATIONAL, INC.

By: _____
Title: _____
Date: _____

SEPARATION AGREEMENT

This Separation Agreement (this "Agreement") is entered into as of the 11th day of August, 2010, by and between Red Robin Gourmet Burgers, Inc. ("Red Robin" or the "Company") and Dennis B. Mullen ("Mullen"). As used herein, "Parties" means, collectively, Red Robin and Mullen, and "Party" means either Red Robin or Mullen. Terms not otherwise defined herein shall have the meanings ascribed to them in the Employment Agreement (as defined below).

RECITALS

WHEREAS, Red Robin and Mullen are parties to that certain Second Amended and Restated Employment Agreement dated March 10, 2008, as further amended on August 15, 2009 and January 11, 2010 (the "Employment Agreement"), and various stock option agreements, stock rights and other stock arrangements (the "Stock Agreements"); and

WHEREAS, Red Robin has determined to make a change in the position of Chief Executive Officer, and, in connection therewith, is desirous of terminating Mullen's role as Chief Executive Officer. Therefore, Red Robin and Mullen agree that as of the close of business on the effective date under the Employment Agreement dated the date hereof between the Company and Mullen's successor, which is expected to be on or before September 12, 2010 (the "Effective Date"), Red Robin will have terminated Mullen's employment as Chief Executive Officer, without Cause, and Mullen shall resign from his positions as a director, officer and employee of Red Robin and any of its subsidiaries, including his position of Chief Executive Officer; and

WHEREAS, in connection therewith, effective as of the Effective Date, Mullen is relinquishing all his rights in, to and under the Employment Agreement, the Stock Agreements, all bonuses relating to past and pending matters benefiting Red Robin (except as expressly provided below) and any other interests he might claim arising from his efforts as Chief Executive Officer, and Red Robin desires to provide the payments and other consideration specified herein.

NOW, THEREFORE, in consideration of the provisions herein, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged by the Parties agree as follows:

1. Termination of Service. Effective as of the close of business on the Effective Date, Red Robin shall have terminated Mullen's employment as Chief Executive Officer, without Cause, and Mullen shall resign, and Red Robin shall accept such resignation, from all his positions as a director, officer and employee of Red Robin and any of its subsidiaries, including his position of Chief Executive Officer.

2. Consideration. Red Robin agrees to pay Mullen his Annual Base Salary of \$800,000 (such payments to be made in accordance with the Company's normal payroll practices) for a period of twelve (12) months from the Effective Date (subject to the proviso set forth in Section 4(g)(iv)(B) of the Employment Agreement) and \$53,333 in respect of the amounts payable under Section 4(g)(iv)(C) of the Employment Agreement on the schedule set forth therein (the "Cash

Consideration") and also pay Mullen the Accrued Obligations and reimbursement of his reasonable business expenses incurred through the Effective Date (the "Accrued Amounts"). On the express condition that Mullen signs and does not rescind the General Release attached as Exhibit A, such amounts shall be payable by Red Robin to Mullen on the ADEA Effective Date (as defined below) by wire transfer in immediately available funds. Also, on the ADEA Effective Date and on the condition that Mullen does not rescind the General Release attached as Exhibit A, the vesting of 75,000 shares of restricted stock granted to Mullen on August 17, 2007 (remaining 25,000 shares of 75,000 share grant) and August 15, 2008 (50,000 shares) shall be accelerated, and such shares shall be subject to no further restriction. All payments under this Section 2 shall be subject to applicable withholdings and deductions.

3. Benefits. Red Robin shall pay or reimburse Mullen the cost of continuing coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") or otherwise, if COBRA does not apply, for Mullen and his spouse under the Company's and Red Robin International, Inc.'s then existing medical, dental and prescription insurance plans for the twelve (12) months following the Effective Date, provided that Mullen elects such continuing coverage in accordance with the requirements of each such plan (provided that during any period when Mullen is eligible to receive such benefits under any employer-provided plan or through any government-sponsored program such as Medicare, the benefits provided under this Section 3 may be made secondary to those provided under such other plan). Mullen hereby agrees to acquire and maintain any and all coverage that he is entitled to at any time during his life under the Medicare program or any similar program of the United States or any agency thereof. Mullen further agrees to pay any required premiums for Medicare coverage from his personal funds.

4. Consulting Services.

(a) Mullen agrees to make himself reasonably available for consultation to Red Robin's Board of Directors for a period of nine months from the Effective Date (the "Consulting Service Term"). The actual dates and time of availability shall be as the Parties mutually agree in good faith, shall be subject to reasonable notice and shall not unreasonably interfere with Mullen's other business and personal activities. In no event shall Mullen provide monthly services exceeding 20% of the average level of bona fide services performed by Mullen on a monthly basis over the immediately preceding 36-month period. It is the intent of both Mullen and Red Robin that Mullen's employment with Red Robin and its subsidiaries shall terminate as of the Effective Date, and that the consulting services shall not constitute a continuation of his employment. Mullen shall be reimbursed by Red Robin for all his out of pocket expenses incurred in connection with performance of the consulting services. In addition, during the Consulting Service Term, (i) Red Robin shall pay Mullen \$9,333 per month, (ii) Mullen shall be entitled to retain his personal computer and iPhone, and be reimbursed for the normal monthly service charges for the use of his iPhone during the Consulting Service Term, (iii) Mullen shall be entitled to continue to use his Red Robin restaurant card at the Company's expense for the duration of the Consulting Service Term, and (iv) Mullen shall be entitled to up to five (5) hours per week of executive assistant help from P.J. Adler or such other Company executive assistant as the Chief Executive Officer reasonably determines.

(b) Mullen shall be an independent contractor, not an employee or agent of Red Robin or any of its subsidiaries or affiliates. Other than as expressly provided in this Agreement, neither Red Robin nor any of its affiliates shall be required to furnish Mullen with any employee benefits for which officers or employees of such entities are eligible at any time.

5. Mullen's Relinquishment of Rights. It is expressly acknowledged and agreed that, subject to the actual receipt by Mullen of the consideration to be delivered pursuant to Section 2 above, Mullen shall relinquish all rights he may have under Sections 1, 2, 3, 4 and 5 of the Employment Agreement, all rights under the Stock Agreements (provided that Mullen shall retain any and all shares (and stock options) of Red Robin that are fully vested, and issued and outstanding in his name and the name of any of the members of his family) and any and all rights he may have to any other salary, bonus or other compensation, except for compensation as a non-employee director during his service as such. In the event there is no actual receipt by Mullen of the consideration to be delivered pursuant to Section 2 above, then Mullen shall not have relinquished any such rights.

6. Acknowledgement of Continuing Rights and Obligations. It is acknowledged and agreed that, except as provided in Section 5 above, Mullen shall continue to be

entitled to his rights under the Employment Agreement. It is further acknowledged and agreed that Mullen shall continue to remain obligated under Sections 6 through 21 of the Employment Agreement.

7. General Release. As a condition precedent to Mullen receiving the consideration or benefits set forth in Sections 2 and 3 above, the Parties will execute and deliver the General Release attached as Exhibit A on the Effective Date. The General Release shall not become enforceable and effective against Mullen until seven calendar days after such execution (the "ADEA Effective Date"). The consideration and benefits set forth in Sections 2 and 3 above, shall not be paid or provided until after the expiration of the ADEA Effective Date, on the express condition that Mullen does not rescind the General Release.

8. Representations and Warranties. Each of Mullen and Red Robin (except as to subparagraphs (c) and (e) below), severally and not jointly, warrants and represents as follows:

(a) He or it has read this Agreement and agrees to the conditions and obligations set forth in it.

(b) He or it voluntarily executes this Agreement (i) after having been advised to consult with legal counsel, (ii) after having had opportunity to consult with legal counsel and (iii) without being pressured or influenced by any statement, representation or omission of any person acting on behalf of the other or any of its officers, directors, employees, agents and attorneys.

(c) Mullen has no knowledge of the existence of any lawsuit, charge or proceeding against Red Robin or any of its officers, directors, employees or agents arising out of or otherwise connected with any of the matters herein released.

(d) He or it has the individual, corporate, or entity power and authority to execute and deliver this Agreement and to perform its obligations hereunder and, if such Party is a corporation, limited liability company or partnership, the execution, delivery, and performance

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of this Agreement has been duly authorized by all necessary corporate, company or partnership action. This Agreement constitutes the legal, valid, and binding obligation of each Party.

(e) Mullen admits, acknowledges, and agrees that, other than the consideration set forth in this Agreement, Mullen has been fully paid or provided all wages, compensation, salary, commissions, bonuses, expense reimbursements, stock, stock options, vacation, change-in-control benefits, severance benefits, deferred compensation, or other benefits from Red Robin, which are or could be due to Mullen under the terms of Mullen's employment or otherwise.

9. Section 409A. If any payment or distribution of any type to Mullen or for Mullen's benefit, whether paid or payable or distributed or distributable, pursuant to the terms of this Agreement, the Employment Agreement or the Stock Agreements (the "Total Payments"), would be subject to the additional tax and interest imposed by Section 409A, or any interest or penalties with respect to such additional tax (such additional tax, together with any such interest or penalties, are collectively referred to as the "409A Tax"), Mullen acknowledges that any and all claims related to such 409A Tax constitute Released Claims.

10. Company's Successor. In addition to any obligations imposed by law upon any successor to Red Robin, Red Robin shall require any successor to all or substantially all of Red Robin's business or assets (whether direct or indirect and whether by purchase, reorganization, merger, share exchange, consolidation, or otherwise) to expressly assume and agree to perform Red Robin's obligations under this Agreement to the same extent, and in the same manner, as Red Robin would be required to perform if no such succession had occurred. This Agreement shall be binding upon, and inure to the benefit of, any successor to Red Robin.

11. Mullen's Successor. This Agreement shall inure to the benefit of, and be enforceable by, Mullen's personal or legal representatives, designated beneficiary, administrators, executors and heirs. If Mullen should die after the date hereof but before any payment or benefit to which Mullen is entitled under this Agreement has been received by Mullen, all payments or benefits to which Mullen would have been entitled had he continued to live (other than any such benefits that, by their terms, terminate upon Mullen's death) shall be made or provided in accordance with this Agreement to the representatives, executors, or administrators of Mullen's estate.

12. Restricted Assignment. Except as expressly provided in Sections 10 and 11, neither Party may assign, transfer, or delegate this Agreement or any of its or his rights or obligations under this Agreement without the prior written consent of the other Party. Any attempted assignment, transfer, or delegation in violation of the preceding sentence shall be void and of no effect.

13. Waiver and Amendment. No term or condition of this Agreement shall be deemed waived other than by a writing signed by the Party against whom or which enforcement of the waiver is sought. Without limiting the generality of the preceding sentence, a Party's failure to insist upon the other Party's strict compliance with any provision of this Agreement or to assert any right that a Party may have under this Agreement shall not be deemed a waiver of that provision or that right. Any written waiver shall operate only as to the specific term or condition waived under the specific circumstances and shall not constitute a waiver of that term or condition for the future or a waiver of any other term or condition. No amendment or

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modification of this Agreement shall be deemed effective unless stated in a writing signed by the Parties.

14. Entire Agreement. This Agreement, together with the General Release attached as Exhibit A, contain the Parties' entire agreement regarding the subject matter of this Agreement and supersede all prior agreements and understandings between them regarding such subject matter (except as reserved herein). The Parties have made no agreements, representations, or warranties regarding the subject matter of this Agreement that are not set forth in this Agreement.

15. Notice. Each notice or other communication required or permitted under this Agreement shall be in writing and transmitted, delivered, or sent by personal delivery, prepaid courier or messenger service (whether overnight or same-day), prepaid telecopy or facsimile, or prepaid certified United States mail (with return receipt requested), addressed (in any case) to the other Party at the address for that Party set forth below that Party's signature on this Agreement, or at such other address as the recipient has designated by notice to the other Party, with a copies as follows:

If to Mullen,

Dennis B. Mullen
370 Detroit Street
Denver, CO 80206
P: (602) 549-4988

and

Snell & Wilmer

c/o Roger Cohen
1200 17th Street, Suite 1900
Denver, CO 80202
P: (303) 634-2000
F: (303) 634-2020

If to Red Robin,

Red Robin Gourmet Burgers, Inc.
Annita M. Menogan
Senior Vice President and General Counsel
6312 S. Fiddler's Green Circle
Suite 200 North
Greenwood Village, CO 80111
P: (303) 846-6034
F: (303) 846-6048

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and

Davis Graham & Stubbs LLP
c/o: Ronald R. Levine, II
1550 Seventeenth Street, Suite 500
Denver, Colorado 80202
P: (303) 892-7514
F: (303) 893-1379

Each notice or communication so transmitted, delivered, or sent in person, by courier or messenger service, or by certified United States mail shall be deemed given, received, and effective on the date delivered to or refused by the intended recipient (with the return receipt, or the equivalent record of the courier or messenger, being deemed conclusive evidence of delivery or refusal.) Nevertheless, if the date of delivery is after 5:00 p.m. on a business day, the notice or other communication shall be deemed given, received, and effective on the next Business Day.

16. Severability. It is the desire of the Parties hereto that this Agreement be enforced to the maximum extent permitted by law, and should any provision contained herein be held unenforceable by a court of competent jurisdiction or arbitrator (pursuant to Section 12), the Parties hereby agree and consent that such provision shall be reformed to create a valid and enforceable provision to the maximum extent permitted by law; provided, however, if such provision cannot be reformed, it shall be deemed ineffective and deleted herefrom without affecting any other provision of this Agreement. This Agreement should be construed by limiting and reducing it only to the minimum extent necessary to be enforceable under then applicable law.

17. Title and Headings: Construction. Titles and headings to sections hereof are for the purpose of reference only and shall in no way limit, define or otherwise affect the provisions hereof. The words "herein," "hereof," "hereunder" and other compounds of the word "here" shall refer to the entire Agreement and not to any particular provision.

18. Governing Law: Jurisdiction. All matters or issues relating to the interpretation, construction, validity, and enforcement of this Agreement shall be governed by the laws of the State of Colorado, without giving effect to any choice-of-law principle that would cause the application of the laws of any jurisdiction other than Colorado. Jurisdiction and venue of any action or proceeding relating to this Agreement or any dispute (to the extent arbitration is not required under Section 12) shall be exclusively in Denver, Colorado.

19. Survival of Certain Provisions. Wherever appropriate to the intention of the Parties, the respective rights and obligations of the Parties hereunder shall survive any termination or expiration of this Agreement.

20. Counterparts. This Agreement may be signed in counterparts, with the same effect as if both Parties had signed the same document. All counterparts shall be construed together to constitute one, and the same, document.

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21. Attorneys Fees. The Parties agree that Red Robin shall pay all reasonable expenses and costs Mullen incurs with Snell & Wilmer in connection with the negotiation and execution of this Agreement or in good faith in obtaining or retaining payments and benefits under this Agreement within 20 days of being incurred up to a maximum of \$15,000. Payment of this expense in any taxable year may not affect expenses to be paid in any other year.

[Signature Page Follows.]

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IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective as of August 11, 2010.

MULLEN:

Signature: /s/ Dennis B. Mullen
Name: Dennis B. Mullen

RED ROBIN:

Red Robin Gourmet Burgers, Inc., a Delaware corporation

By: /s/ Annita M. Menogan
Its: Senior Vice President
Name: Annita M. Menogan

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STRICTLY CONFIDENTIAL

EXHIBIT A

GENERAL RELEASE

1. Definitions.

I intend all words used by this General Release (the "Release") to have their plain meanings in ordinary English. These terms shall have the following meanings:

- A. *I, me, my* and *Releasor* mean me and anyone who has or obtains any legal rights or claims through me.
- B. *Employer* means: (i) Red Robin Gourmet Burgers, Inc. and Red Robin International, Inc. (collectively, the "Company"), (ii) any company related to the Company in the past or present, (iii) the past and present officers, directors, employees, shareholders, attorneys, agents and representatives of the Company, (iv) any present or past employee benefit plan sponsored by the Company and/or officers, directors, trustees, administrators, employees, attorneys, agents and representatives of such plan, (v) and any person who acted on behalf of the Company on instruction from the Company.
- C. *Employment Agreement* means that certain Second Amended and Restated Employment Agreement dated as of March 10, 2008, as further amended on August 15, 2009 and January 11, 2010 between me and the Company.
- D. *My Claims* means all of my rights to any relief of any kind from the Employer, including but not limited to:
- All claims I now have, whether or not I now know about such claims, including all claims arising out of or relating to my past employment with Employer, the termination of that employment or statements or actions of the Employer including, but not limited to: breach of contract; defamation; infliction of emotional distress; wrongful discharge; workers' compensation retaliation; violation of the Age Discrimination in Employment Act of 1967; Fair Labor Standards Act; Title VII of the Civil Rights Act of 1964; the Civil Rights Acts of 1866 and 1871; the Civil Rights Act of 1991; the Family and Medical Leave Act; the National Labor Relations Act; The Americans with Disabilities Act; COBRA; ERISA; the anti-discrimination laws of the state in which I reside and of any other state; and/or any other federal, state or local statute, law, ordinance, regulation, order or principle of common law;
 - All claims I have now, whether or not I know about the claims, for any type of relief from the Employer, including, but not limited to, all claims for back pay, front pay, lost benefits, reinstatement, liquidated damages, punitive damages, and damages for any alleged breach of contract, any tort claim and any alleged personal injury or emotional injury or damage; and

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3. All claims for attorneys' fees;

but excluding my rights to receive payments and benefits pursuant to Section 4(e)(iv) of my Employment Agreement and any claims that arise after the date I sign this Release.

2. Agreement to Release My Claims.

In exchange for my right to receive payments and other benefits under Section 4(e)(iv) of my Employment Agreement, to which I am not otherwise entitled, I agree to give up all My Claims against the Employer and give up all other actions, causes of action, claims or administrative complaints that I have against the Employer. I will not bring any lawsuits or other claims against the Employer relating to the claims that I have released nor will I allow any lawsuits or claims to be brought or continued on my behalf or in my name. The money and other consideration I receive pursuant to Section 4(e)(iv) of my Employment Agreement is a full and fair payment for the release of My Claims and the Employer does not owe me anything further for My Claims. Separate from this agreement, I will also receive any compensation due me for the last pay period during which I was an employee of Employer and compensation for earned vacation pay. My rights to receive the other payments and benefits due under Section 4(e)(iv) of my Employment Agreement shall be effective only after receipt by the Employer of this Release, signed by me and properly notarized, and after the expiration of the seven (7) day revocation period mentioned in Section 5, below. I understand that I will not receive any payments due me under Section 4(e)(iv) of my Employment Agreement (other than payment of the Accrued Obligations under clause (1) thereof) if I revoke or rescind this Release, and in any event, until after the seven (7) day revocation period has expired.

I further agree to:

- A. Reimburse the Employer for any cost; loss; expense, including reasonable attorneys' fees; awards or judgments resulting from my failure to perform my obligations under this Release or under my Employment Agreement or from any misstatement or omission I have made in this Release; and
- B. Indemnify, defend and save harmless the Employer from any costs, liability or expense, including reasonable attorneys' fees, arising from the taxation, if any, of any amounts received by me pursuant to this Release, including but not limited to any penalties or administrative expenses.

3. Additional Agreement and Understandings.

Even though the Employer will pay me to settle and release My Claims, the Employer does not admit that it is legally obligated to me, and the Employer denies that it is responsible or legally obligated for My Claims or that it has engaged in any improper conduct or wrongdoing against me.

I have read this Release carefully and understand its terms. I am hereby being advised by the Employer to consult with an attorney prior to signing this Release. My decision to sign or not to sign this Release is my own voluntary decision made with full knowledge

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that the Employer has advised me to consult with an attorney. In agreeing to sign this Release, I have not relied on any statement or explanation of my rights or obligations made by the Employer or its attorneys.

I am old enough to sign this Release and to be legally bound by the agreements that I am making. I represent that I have not filed for personal bankruptcy or been involved in any personal bankruptcy proceeding between the time any of My Claims accrued and date of my signature below. I am legally able and entitled to receive the entire sum of money being paid to me by the Employer in settlement of My Claims. I have not assigned or pledged any of My Claims or any portion of them to any third person. I am a resident of the State of Colorado and have executed this Release within the State of Colorado. I understand and agree that this Release contains all the agreements between the Employer and me relating to this settlement, and that it supersedes all prior negotiations and agreements relating to the subject matter hereof.

I admit, acknowledge, and agree that, other than the payments and other benefits under Section 4(e)(iv) of my Employment Agreement, I have been fully paid or provided all wages, compensation, salary, commissions, bonuses, expense reimbursements, stock, stock options, vacation, change-in-control benefits, severance benefits, deferred compensation, or other benefits from the Employer, which are or could be due to me under the terms of my employment or otherwise.

4. Twenty-One Day Period to Consider the Release.

I understand that I have twenty-one (21) days from the day that I receive this Release, not counting the day upon which I receive it, to consider whether I wish to sign this Release. If I cannot make up my mind in that time, the Employer may or may not allow more time. I acknowledge that if I sign this Release before the end of the twenty-one (21) day period, it will be my personal, voluntary decision to do so, with the intent to waive the full twenty-one (21) day period.

5. Seven Day Period to Rescind the Release.

I understand that I may rescind (that is, cancel) this Release for any reason within seven (7) calendar days after I sign and deliver it to the Employer. I understand that my notice rescinding this agreement must be in writing and hand-delivered or mailed to the Employer. If mailed, my notice rescinding this agreement must be:

A. Postmarked within seven (7) days after I sign and deliver this agreement to the Employer;

B. Properly addressed to: Red Robin Gourmet Burgers, Inc.
Red Robin International, Inc.
6312 South Fiddler's Green Circle, Suite 200 North
Greenwood Village, CO 80111
Attention: Chief Legal Officer

and

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C. Sent by certified mail, return receipt requested, postage pre-paid.

6. Confidentiality.

I understand that part of the consideration paid to me by the Employer is in consideration for my agreement to keep the fact of this Release and its terms strictly confidential, except as required by law. I may not discuss, disclose or reveal, directly or indirectly, the fact of this Release or its terms or conditions to any person, corporation, or other entity, other than to my accountant, legal advisor and members of my immediate family who (prior to disclosure to them) shall likewise agree in writing to maintain the confidentiality of this Release. Neither may I provide any information, assistance or encouragement of any kind to any person firm or corporation concerning the investigation or prosecution of any claim against the Employer, except pursuant to EEOC requirements or court order. If I violate the terms of this Section 6, I shall be liable to the Employer for the return of all payments made pursuant to Section 4(e)(iv) of my Employment Agreement (other than payment of the Accrued Obligations thereunder and for the Employer's costs and attorneys' fees in any action brought to enforce the provisions of this Section 6. The parties agree that fixing the amount of damages caused by my breach of this Section 6 would be difficult or impossible to ascertain, that the amount for which I would become liable to Employer upon my breach of my obligations under this Section 6 is a fair and reasonable estimate of the damages that Employer may sustain as a result of my breach. On that basis, the amount I have agreed to pay to Employer upon my breach of my obligations under this Section 6 shall be payable as liquidated damages for my breach and not as a penalty.

7. Non-Disparagement.

I agree that I will not, directly or indirectly, make or ratify any statement, public or private, oral or written, to any person that disparages, either professionally or personally, the Company or its parents, subsidiaries and affiliates, past and present, and each of them, as well as its and their trustees, directors, officers, agents, attorneys, insurers, employees, stockholders, representatives, assigns, and successors, past and present, and each of them; and the Company agrees that its directors and senior executive officers will not, directly or indirectly, make or ratify any statement, public or private, oral or written, to any person that disparages me, either professionally or personally.

8. Survival of Certain Provisions of Employment Agreement.

Sections 6 through 21 of the Employment Agreement shall survive the termination of my employment and are incorporated herein by reference as if fully set forth.

9. Choice of Law.

This Release shall be deemed to have been executed and delivered within the State of Colorado, and my rights and obligations and the rights and obligations of the Employer hereunder shall be construed and enforced in accordance with, and governed by, the laws of the State of Colorado without regard to principles of conflict of laws.

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10. Arbitration.

Any dispute or controversy arising out of interpretation or enforcement of this Release shall be resolved pursuant to the terms set forth in Section 14 of the Employment Agreement.

11. Severability.

If any provision of this Release is declared by any court of competent jurisdiction to be invalid for any reason, such invalidity shall not affect the remaining provisions. On the contrary, such remaining provisions shall be fully severable, and this Release shall be construed and enforced as if such invalid provisions never had been inserted in the Release.

RELEASOR

Dennis B. Mullen
Date: _____

STATE OF _____)
COUNTY OF _____) ss:

Subscribed and sworn to me a Notary Public in and for the state of _____ by _____ this _____ day of _____, 200 .

Notary Public in and for the State of _____
My commission expires: _____

AGREED AND ACCEPTED:

RED ROBIN GOURMET BURGERS, INC.
RED ROBIN INTERNATIONAL, INC.

By: _____
Title: _____
Date: _____

**Red Robin Gourmet Burgers Reports Earnings for the
Fiscal Second Quarter 2010**

Greenwood Village, CO — August 12, 2010 — Red Robin Gourmet Burgers, Inc., (NASDAQ: RRGB), a casual dining restaurant chain focused on serving an innovative selection of high-quality gourmet burgers in a family-friendly atmosphere, today reported financial results for the 12 weeks ended July 11, 2010.

Financial and Operational Results

Results for the 12 weeks ended July 11, 2010, compared to the 12 weeks ended July 12, 2009, are as follows:

- Restaurant revenue of \$198.0 million was unchanged from the prior year.
- Company-owned comparable restaurant sales decreased 1.2% and guest counts increased 0.9%.
- Restaurant-level operating profit decreased 7.0% to \$36.2 million.
- Selling, general and administrative expenses included a \$3.3 million investment in the Company's TV media campaign, which contributed to the improvement in guest counts during the quarter.
- GAAP diluted earnings per share were \$0.28 vs. \$0.41 in the fiscal second quarter a year ago.
- One new company-owned Red Robin® restaurant and two franchised restaurants opened during the fiscal second quarter 2010.

As of the end of the fiscal second quarter 2010, there were 309 company-owned and 134 franchised Red Robin® restaurants.

“We are encouraged by the strengthening of our same store sales and the positive impact that our limited time offer promotions and TV media support are having on our brand awareness and Guest traffic,” said Dennis Mullen, Red Robin Gourmet Burgers, Inc.'s chief executive officer. “Our business trends are benefiting from our Team Members' hard work and commitment to making connections with our guests and our focus on Red Robin quality, variety and value.”

Fiscal Second Quarter 2010 Results

Comparable restaurant sales decreased 1.2% for company-owned restaurants in the fiscal second quarter of 2010 compared to an 11.5% decrease in the fiscal second quarter of 2009. Results in the quarter were driven by a 0.9% increase in guest counts and a 2.1% decrease in the average guest check, which included the impact of limited time offer (LTO) price promotions in the quarter. Fiscal second quarter 2010 comparable restaurant sales also reflected a sequential improvement from the Company's comparable restaurant sales decrease of 2.3% reported in the fiscal first quarter of 2010, the decrease of 10.5% reported in the fiscal fourth quarter of 2009 and the decrease of 14.9% reported in the fiscal third quarter of 2009.

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Average weekly comparable sales from the 290 company-owned comparable restaurants were \$54,549 in the fiscal second quarter of 2010, compared to \$56,335 for the 245 company-owned comparable restaurants in the fiscal second quarter of 2009. Average weekly sales for the 19 non-comparable company-owned restaurants were \$58,449 in the fiscal second quarter of 2010, compared to \$56,053 for the 44 non-comparable restaurants in the fiscal second quarter a year ago. For all company-owned restaurants, average weekly sales were \$54,786 from the 3,705 operating weeks in the fiscal second quarter of 2010 compared to \$55,973 from the 3,619 operating weeks in the fiscal second quarter of 2009.

In the fiscal second quarter of 2010, the Company's results were negatively impacted by continued lower restaurant sales in California and Arizona, which have been more heavily impacted by macroeconomic factors. Excluding the impact from the Company's 72 comparable restaurants in these markets, comparable restaurant sales would have been about 1.5% higher or up approximately 0.3% compared to the fiscal second quarter of 2009. The Company's comparable guest counts excluding the negative 1.6% impact from its restaurants in California and Arizona would have been a positive 2.5% compared to the fiscal second quarter of 2009. The 72 comparable restaurants in California and Arizona represented 25% of the Company's total company-owned comparable restaurants in the fiscal second quarter of 2010.

Total company revenues, which include company-owned restaurant sales, franchise royalties and fees and other revenue, increased slightly to \$201.3 million in the fiscal second quarter of 2010, from \$201.1 million in the fiscal second quarter of 2009. Franchise royalties and fees increased to \$3.1 million or 1.4% in the fiscal second quarter of 2010 compared to the same period a year ago.

For the fiscal second quarter of 2010, the Company's total U.S. franchise restaurant sales of \$70.0 million increased slightly from \$69.2 million in the prior year period. Comparable sales in the fiscal second quarter of 2010 for franchise restaurants in the U.S. decreased 2.0% and for franchise restaurants in Canada increased 0.8% from the fiscal second quarter of 2009. Average weekly comparable sales for the U.S. franchised restaurants were \$50,622 from the 109 comparable restaurants in the fiscal second quarter of 2010, compared to \$51,970 from the 100 comparable restaurants in the fiscal second quarter of 2009. Average weekly sales in the fiscal second quarter of 2010 for the Company's 18 comparable franchise restaurants in Canada were C\$54,380 versus C\$52,977 in the same period last year. Canadian results are in Canadian dollars.

Selling, general and administrative expenses were \$20.0 million in the fiscal second quarter of 2010 and \$18.5 million in the fiscal second quarter of 2009, which were 9.9% and 9.2% of total revenue, respectively. Included in the fiscal second quarter of 2010 was a \$3.3 million investment in the Company's television media campaign compared to \$1.2 million in the fiscal second quarter of 2009, as well as board of directors and governance-related expenses, offset by lower performance-based bonus expense. Beginning in the fiscal second quarter of 2010, franchisees contributed an additional 1.25% of their revenue to the national cable television advertising fund.

Net interest expense was \$1.3 million in the fiscal second quarter of 2010 and \$1.6 million in the fiscal second quarter of 2009.

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Net income for the fiscal second quarter of 2010 was \$4.3 million or \$0.28 per diluted share, compared to net income of \$6.4 million, or \$0.41 per diluted share, in the fiscal second quarter of 2009.

For the fiscal second quarter of 2010, the Company's effective tax rate was 9.1% compared to an effective tax rate of 23.2% in the fiscal second quarter of 2009. The decrease is primarily due to more favorable general business and tax credits, primarily the FICA Tip Tax Credit, which as a percent of current year income before tax did not change at the same rate as the change in taxable income. The Company anticipates that the effective tax rate for the full fiscal year 2010 will be approximately 13.6%.

Schedule I of this earnings release defines restaurant-level operating profit and reconciles this metric to income from operations and net income for all periods presented. The Company's restaurant-level operating profit metric is designed to afford management and investors with a basis for considering and comparing restaurant performance. It is not calculated in conformity with generally accepted accounting principles (“GAAP”). It is intended to supplement, rather than replace GAAP results. Restaurant-level operating profit is useful to management and to the Company's investors because it is widely regarded in the restaurant industry as a useful metric by which to evaluate restaurant-level operating efficiency and performance.

Balance Sheet and Liquidity

On July 11, 2010, the Company held \$11.9 million in cash and cash equivalents and had a total outstanding debt balance of \$163.9 million, including \$108.7 million of borrowings under its \$150 million term loan, \$46.9 million of borrowings under its \$150 million revolving credit facility and \$8.3 million outstanding for capital leases. The Company has also issued \$6.2 million of outstanding letters of credit under its revolving credit facility. In the fiscal second quarter of 2010, the Company paid down \$8.3 million in debt, and since the end of the fiscal second quarter 2010, the Company has made additional debt repayments of \$3.9 million on its revolving credit facility.

The Company is subject to a number of customary covenants under its credit agreement, including limitations on additional borrowings, acquisitions, dividend payments, and requirements to maintain certain financial ratios. As of July 11, 2010, the Company was in compliance with all of its debt covenants, and the Company expects to remain in full compliance.

Outlook

The Company's fiscal third quarter of 2010 is a 12-week quarter. One new company-owned restaurant opened early in the fiscal third quarter and seven new company-owned restaurants are currently under construction. Three new franchised restaurants are currently under construction. During fiscal year 2010, the Company expects to open 11 new company-owned restaurants and franchisees are expected to open four to five new restaurants.

For the fiscal year 2010, which is a 52-week year, the Company expects revenues of \$866 million to \$873 million and net income of \$0.90 to \$1.10 per diluted share. These projected results are based upon certain assumptions, including expected full fiscal year 2010 comparable restaurant sales of down 0.5% to up 0.5% compared to the fiscal year 2009. Through August 8, 2010, the first four

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weeks of the Company's 12-week fiscal third quarter of 2010, company-owned comparable restaurant sales increased 1.4% and guest counts increased 4.1% from the prior year period, compared to a year-over-year company-owned comparable restaurant sales decrease of 15.3% and guest count decrease of 14.6% in the first four weeks of the fiscal third quarter of 2009. The first four weeks of the fiscal third quarter of 2010 included one week of TV advertising compared to no TV advertising during the first four weeks of the fiscal third quarter of 2009.

The annual financial guidance includes approximately \$15.6 million that the Company expects to spend for television advertising to support LTO promotions during fiscal year 2010, compared to \$2.5 million that the Company spent on television advertising during fiscal year 2009. The Company's total marketing expense in fiscal year 2010 is expected to be about \$29.3 million compared to \$17.2 million spent in fiscal year 2009 and is included in selling, general and administrative expense.

For the remaining two quarters of fiscal year 2010, the Company's run rate SG&A expense is expected to be between \$16.5 and \$17.5 million per quarter. Adding to that will be the Company's portion of TV marketing expense, which is expected to be \$3.3 million in the fiscal third quarter of 2010 and \$2.3 million in the fiscal fourth quarter of 2010. The SG&A estimates do not include costs for the transition of the CEO position, which are estimated to be between \$3.5 and \$4.0 million over the balance of the year, with the majority of the expense being incurred in the third quarter.

Based on the Company's development plans and other infrastructure and maintenance costs, the Company expects fiscal year 2010 capital expenditures to be approximately \$35 million to \$38 million, which the Company expects to fund entirely out of operating cash flow. The Company also intends to make scheduled payments of \$18.7 million required by the term loan portion of its existing credit facility from free cash flow after capital expenditures in fiscal year 2010 and expects to use its remaining free cash flow to make payments on the Company's revolving credit facility and maintain flexibility to opportunistically repurchase shares of the Company's common stock.

Other Events

The Company's board of directors extended its previous authorization for the repurchase of up to \$50 million of the Company's common stock. Stock repurchases may be made from time to time in open market transactions and through privately negotiated transactions through December 31, 2011.

The Company's board of directors also voted in favor of adopting a shareholder rights plan to protect stockholders from coercive or otherwise unfair takeover tactics. The board determined, with the assistance of its legal and financial advisors, that a shareholder rights plan will afford stockholders appropriate protections and allow the board time to fully execute its fiduciary obligations in a thoughtful and measured manner.

Investor Conference Call and Webcast

Red Robin will host an investor conference call to discuss its fiscal second quarter 2010 results today at 5:00 p.m. ET. The conference call number is (877) 407-0784. To access the webcast, please visit www.redrobin.com and select the "Investors" link from the menu. The financial information that the Company intends to discuss during the conference call is included in this

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press release and will be available on the "Investors" link of the Company's website at www.redrobin.com following the conference call.

About Red Robin Gourmet Burgers, Inc. (NASDAQ: RRGB)

Red Robin Gourmet Burgers, Inc. (www.redrobin.com), a casual dining restaurant chain founded in 1969 that operates through its wholly-owned subsidiary, Red Robin International, Inc., serves up wholesome, fun, feel-good experiences in a family-friendly environment. Red Robin® restaurants are famous for serving more than two dozen insanely delicious, high-quality gourmet burgers in a variety of recipes with Bottomless Steak Fries®, as well as salads, soups, appetizers, entrees, desserts, and signature Mad Mixology® Beverages. There are more than 440 Red Robin® restaurants located across the United States and Canada, including company-owned locations and those operating under franchise agreements.

Forward-Looking Statements:

Certain information and statements contained in this press release, including those under the heading "Outlook," are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements regarding our expectations, beliefs, intentions, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements which are other than statements of historical facts. These statements may be identified, without limitation, by the use of forward-looking terminology such as "assumptions," "believe," "continue," "expects," "guidance," "ongoing," "projected," "will" or comparable terms or the negative thereof. All forward-looking statements included in this press release are based on information available to the Company on the date hereof. Such statements speak only as of the date hereof and we undertake no obligation to update any such statement to reflect events or circumstances arising after the date hereof. These statements are based on assumptions believed by us to be reasonable, and involve known and unknown risks and uncertainties that could cause actual results to differ materially from those described in the statements. These risks and uncertainties include, but are not limited to, the following: the downturn in general economic conditions including severe volatility in financial markets, high levels of unemployment and decreasing consumer

confidence, resulting in changes in consumer preferences or consumer discretionary spending; the effectiveness of our advertising strategy; potential fluctuation in our quarterly operating results due to economic conditions, seasonality and other factors; changes in availability of capital or credit facility borrowings to us and to our franchisees; the adequacy of cash flows generated by our business to fund operations and growth opportunities; the effect of increased competition in the casual dining market and discounting by competitors; our ability to achieve and manage our planned expansion, including both in new markets and existing markets; changes in the cost and availability of building materials and restaurant supplies; the concentration of our restaurants in the Western United States and the associated disproportionate impact of macroeconomic factors; changes in the availability and costs of food; changes in labor and energy costs and changes in the ability of our vendors to meet our supply requirements; labor shortages, particularly in new markets; the effectiveness of our initiative to normalize new restaurant operations; lack of awareness of our brand in new markets; concentration of less mature restaurants in the comparable restaurant base which impacts profitability; the ability of our franchisees to open and manage new restaurants; health concerns about our food products and food preparation; our ability to protect our intellectual property and proprietary information; the impact of federal, state or local government regulations relating to our team members or the sale of food or alcoholic beverages; our franchisees' adherence to our practices, policies and procedures; and other risk factors described from time to time in the Company's 10-Q and 10-K filings with the SEC.

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For further information contact:
ICR
Don Duffy/Raphael Gross
203-682-8200

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RED ROBIN GOURMET BURGERS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)
(Unaudited)

	July 11, 2010	December 27, 2009
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 11,923	\$ 20,268
Accounts receivable, net	5,689	4,703
Inventories	14,761	14,526
Prepaid expenses and other current assets	6,560	6,203
Income tax receivable	1,276	4,713
Deferred tax asset	3,080	4,127
Restricted current assets—marketing funds	4,718	665
Total current assets	<u>\$ 48,007</u>	<u>\$ 55,205</u>
Property and equipment, net	424,146	431,536
Goodwill	61,769	61,769
Intangible assets, net	45,190	47,426
Other assets, net	3,489	4,159
Total assets	<u>\$ 582,601</u>	<u>\$ 600,095</u>
Liabilities and Stockholders' Equity:		
Current Liabilities:		
Trade accounts payable	\$ 10,399	\$ 10,891
Construction related payables	4,270	3,181
Accrued payroll and payroll related liabilities	26,670	26,912
Unearned revenue	6,139	15,437
Accrued liabilities	22,658	18,818
Accrued liabilities—marketing funds	4,718	665
Current portion of term loan notes payable	18,739	18,739
Current portion of long-term debt and capital lease obligations	819	779
Total current liabilities	<u>\$ 94,412</u>	<u>\$ 95,422</u>
Deferred rent	32,936	30,996
Long-term portion of term loan notes payable	89,899	103,954
Other long-term debt and capital lease obligations	54,410	67,862
Other non-current liabilities	9,807	13,239
Total liabilities	<u>\$ 281,464</u>	<u>\$ 311,473</u>
Stockholders' Equity:		
Common stock; \$0.001 par value: 30,000,000 shares authorized; 17,113,300 and 17,079,267 shares issued; 15,621,020 and 15,586,948 shares outstanding	17	17
Preferred stock, \$0.001 par value: 3,000,000 shares authorized; no shares issued and outstanding	—	—
Treasury stock, 1,492,280 shares, at cost	(50,125)	(50,125)
Paid-in capital	170,093	167,637
Accumulated other comprehensive loss, net of tax	(438)	(1,212)
Retained earnings	181,590	172,305
Total stockholders' equity	<u>301,137</u>	<u>288,622</u>
Total liabilities and stockholders' equity	<u>\$ 582,601</u>	<u>\$ 600,095</u>

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RED ROBIN GOURMET BURGERS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)
(Unaudited)

	Twelve Weeks Ended		Twenty-eight Weeks Ended	
	July 11, 2010	July 12, 2009	July 11, 2010	July 12, 2009
Revenues:				
Restaurant revenue	\$ 197,977	\$ 197,963	\$ 465,482	\$ 464,558
Franchise royalties and fees	3,122	3,078	7,291	7,230
Other revenue	244	47	4,080	113
Total revenues	201,343	201,088	476,853	471,901
Costs and expenses:				
Restaurant operating costs (exclusive of depreciation and amortization shown separately below):				
Cost of sales	48,697	48,228	113,709	113,511
Labor (includes \$211, \$137, \$420, and \$1,123 of stock-based compensation, respectively)	69,488	67,679	164,849	159,950
Operating	28,976	28,590	67,615	67,005
Occupancy	14,579	14,494	34,287	33,402
Depreciation and amortization	13,185	13,066	30,436	30,703
Selling, general, and administrative (includes \$857, \$615, \$1,751, and \$4,342 of stock-based compensation, respectively)	20,008	18,517	50,843	46,992
Pre-opening costs	375	588	1,252	3,138
Total costs and expenses	195,308	191,162	462,991	454,701
Income from operations	6,035	9,926	13,862	17,200
Other expense (income):				
Interest expense, net	1,257	1,559	3,142	3,673
Other	10	9	(20)	19
Total other expenses	1,267	1,568	3,122	3,692
Income before income taxes	4,768	8,358	10,740	13,508
Provision for income taxes	435	1,937	1,455	3,242
Net income	\$ 4,333	\$ 6,421	\$ 9,285	\$ 10,266
Earnings per share:				
Basic	\$ 0.28	\$ 0.42	\$ 0.60	\$ 0.67
Diluted	\$ 0.28	\$ 0.41	\$ 0.59	\$ 0.66
Weighted average shares outstanding:				
Basic	15,494	15,380	15,484	15,366
Diluted	15,671	15,486	15,654	15,467

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Schedule I

Reconciliation of Non-GAAP Restaurant-Level Operating Profit to Income from Operations and Net Income
(In thousands, except percentage data)

The Company believes that restaurant-level operating profit is an important measure for management and investors because it is widely regarded in the restaurant industry as a useful metric by which to evaluate restaurant-level operating efficiency and performance. The Company defines restaurant-level operating profit to be restaurant revenues minus restaurant-level operating costs, excluding restaurant closures and impairment costs. The measure includes restaurant level occupancy costs, which include fixed rents, percentage rents, common area maintenance charges, real estate and personal property taxes, general liability insurance and other property costs, but excludes depreciation related to restaurant buildings and leasehold improvements. The measure excludes depreciation and amortization expense, substantially all of which is related to restaurant level assets, because such expenses represent historical sunk costs which do not reflect a current cash outlay for the restaurants. The measure also excludes selling, general and administrative costs, and therefore excludes occupancy costs associated with selling, general and administrative functions, pre-opening costs, reacquired franchise costs, legal settlements and costs associated with the tender offer of stock options attributed to non-restaurant employees. The Company excludes restaurant closure costs as they do not represent a component of the efficiency of continuing operations. Restaurant impairment costs are excluded, because, similar to depreciation and amortization, they represent a non-cash charge for the Company's investment in its restaurants and not a component of the efficiency of restaurant operations. Restaurant-level operating profit is not a measurement determined in accordance with generally accepted accounting principles ("GAAP") and should not be considered in isolation, or as an alternative, to income from operations or net income as indicators of financial performance. Restaurant-level operating profit as presented may not be comparable to other similarly titled measures of other companies. The table below sets forth certain unaudited information for the 12 and 28 weeks ended July 11, 2010, and July 12, 2009, expressed as a percentage of total revenues, except for the components of restaurant operating costs, which are expressed as a percentage of restaurant revenues.

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	Twelve Weeks Ended				Twenty-eight Weeks Ended			
	July 11, 2010		July 12, 2009		July 11, 2010		July 12, 2009	
Restaurant revenues	\$ 197,977	98.3%	\$ 197,963	98.4%	\$ 465,482	97.6%	\$ 464,558	98.5%
Restaurant operating costs (exclusive of depreciation and amortization shown separately below):								
Cost of sales	48,697	24.6	48,228	24.4	113,709	24.4	113,511	24.4
Labor	69,488	35.1	67,679	34.2	164,849	35.4	159,064	34.2
Operating	28,976	14.6	28,590	14.4	67,615	14.5	67,005	14.4
Occupancy	14,579	7.4	14,494	7.3	34,287	7.4	33,402	7.2
Tender offer stock-based compensation expense	—	—	—	—	—	—	886	0.2

Restaurant-level operating profit	<u>36,237</u>	<u>18.3</u>	<u>38,972</u>	<u>19.7</u>	<u>85,022</u>	<u>18.3</u>	<u>90,690</u>	<u>19.5</u>
Add – other revenues	3,366	1.7	3,125	1.5	11,371	1.5	7,343	1.5
Deduct – other operating:								
Depreciation and amortization	13,185	6.5	13,066	6.5	30,436	6.4	30,703	6.5
Selling, general, and administrative	19,998	9.9	18,517	9.2	50,748	10.7	43,278	9.2
Pre-opening costs	375	0.2	588	0.3	1,252	0.3	3,138	0.7
Tender offer stock-based compensation expense	—	—	—	—	—	—	3,116	0.7
Restaurant closure costs	10	—	—	—	95	—	598	0.1
Total other operating	<u>33,568</u>	<u>16.7</u>	<u>32,171</u>	<u>16.0</u>	<u>82,531</u>	<u>17.3</u>	<u>80,833</u>	<u>17.2</u>
Income from operations	6,035	3.0	9,926	4.9	13,862	2.9	17,200	3.6
Total other expenses, net	1,267	0.6	1,568	0.8	3,122	0.7	3,692	0.8
Provision for income taxes	435	0.2	1,937	1.0	1,455	0.3	3,242	0.7
Total other	<u>1,702</u>	<u>0.8</u>	<u>3,505</u>	<u>1.8</u>	<u>4,577</u>	<u>1.0</u>	<u>6,934</u>	<u>1.5</u>
Net income	<u>\$ 4,333</u>	<u>2.2%</u>	<u>\$ 6,421</u>	<u>3.1%</u>	<u>\$ 9,285</u>	<u>1.9%</u>	<u>\$ 10,266</u>	<u>2.1%</u>

Certain percentage amounts in the table above do not sum due to rounding as well as the fact that restaurant operating costs are expressed as a percentage of restaurant revenues, as opposed to total revenues.

Red Robin Announces Stephen E. Carley Will Be Appointed Chief Executive Officer

Greenwood Village, Colo. — August 12, 2010 — Red Robin Gourmet Burgers, Inc., (NASDAQ: RRGB) today announced that Stephen E. Carley will be appointed Chief Executive Officer, effective September 13, 2010 or such earlier date as may be agreed upon by the Company and Mr. Carley, implementing the planned succession of Dennis Mullen. Mr. Carley will also be appointed to the Board of Directors as of such date. Mr. Carley has significant experience in the restaurant, food-service and consumer products industries, including serving as the Chief Executive Officer and President of El Pollo Loco Inc. since April 2001.

“The Red Robin Board of Directors is pleased that Steve is joining the Company. Steve brings relevant restaurant and management experience to our team and we look forward to his future contributions to the Company,” said Patty Moore, Red Robin’s Board Chair.

“I am pleased to join the Red Robin team. This is a great brand that has a unique position among consumers. I am looking forward to working with the board and the entire management team to continue Red Robin’s growth and focus on delivering fun and memorable dining experiences in an exciting, high-energy, family-friendly atmosphere,” said Stephen E. Carley.

Prior to El Pollo Loco, Mr. Carley served in various capacities, including various senior management positions at Taco Bell Corporation. Earlier in his career, he served as President of Universal Studios Hollywood Theme Park and Citywalk, a division of Universal Studios, Inc, and spent several years in brand management and operations with General Mills, Inc., The Pillsbury Company and PepsiCo, Inc.

Dennis Mullen will continue to serve as Chief Executive Officer and a member of the Board of Directors until the effective date of Mr. Carley’s appointment, at which time Mr. Mullen will also resign from his board position. “We would like to thank Denny Mullen for his many contributions to Red Robin, including bringing stability to the Company in a difficult situation by his acceptance of the CEO position. Denny’s leadership and professionalism have been important to the Company during these turbulent times,” concluded Ms. Moore.

About Red Robin Gourmet Burgers, Inc. (NASDAQ: RRGB)

Red Robin Gourmet Burgers, Inc. (www.redrobin.com), a casual dining restaurant chain founded in 1969 that operates through its wholly-owned subsidiary, Red Robin International, Inc., serves up wholesome, fun, feel-good experiences in a family-friendly environment. Red Robin® restaurants are famous for serving more than two dozen insanely delicious, high-quality gourmet burgers in a variety of recipes with Bottomless Steak Fries®, as well as salads, soups, appetizers, entrees, desserts, and signature Mad Mixology® Beverages. There are more than 440 Red Robin® restaurants located across the United States and Canada, including company-owned locations and those operating under franchise agreements.

Forward-looking statements in this press release are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, and include statements with respect to the future appointment of Mr. Carley as CEO and a director, and the anticipated timing as to the CEO transition. Readers are cautioned that all forward-looking statements are based on management’s present expectations, estimates and projections, but involve risks and uncertainty. Please refer to the Company’s report on Form 10-K for the year ended December 27, 2009 and subsequent reports on Forms 10-Q and 8-K as filed with the Securities and Exchange Commission for additional information. The Company is under no obligation (and expressly disclaims any obligation) to update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

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