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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended October 2, 2011

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 0-49916

RED ROBIN GOURMET BURGERS, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**84-1573084** (I.R.S. Employer Identification No.)
6312 S. Fiddler's Green Circle, Suite 200N **Greenwood Village, CO** (Address of principal executive offices)	**80111** (Zip Code)

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

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at November 1, 2011
Common Stock, $0.001 par value per share	14,661,422 shares

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

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

	October 2, 2011	December 26, 2010
Assets:		
Current Assets:		
Cash and cash equivalents	$ 27,094	$ 17,889
Accounts receivable, net	8,277	6,983
Inventories	16,616	16,037
Prepaid expenses and other current assets	9,665	7,600
Income tax receivable	540	3,822
Deferred tax asset	2,189	1,294
Total current assets	64,381	53,625
Property and equipment, net	405,453	414,048
Goodwill	61,769	61,769
Intangible assets, net	39,890	43,056
Other assets, net	9,155	6,759
Total assets	$ 580,648	$ 579,257
Liabilities and Stockholders' Equity:		
Current Liabilities:		
Trade accounts payable	$ 12,457	$ 12,776
Construction related payables	4,009	2,943
Accrued payroll and payroll related liabilities	32,967	29,137
Unearned revenue	10,461	14,391
Accrued liabilities	26,238	18,592
Current portion of term loan notes payable	9,375	18,739
Current portion of long-term debt and capital lease obligations	734	838
Total current liabilities	96,241	97,416
Deferred rent	39,437	34,214
Notes payable, long-term portion	136,875	85,214
Other long-term debt and capital lease obligations	10,069	53,731
Other non-current liabilities	5,350	8,021
Total liabilities	287,972	278,596
Stockholders' Equity:		
Common stock; $0.001 par value: 30,000,000 shares authorized; 17,268,395 and 17,101,897 shares issued; 14,663,369 and 15,600,867 shares outstanding	17	17
Preferred stock, $0.001 par value: 3,000,000 shares authorized; no shares issued and outstanding	—	—
Treasury stock, 2,605,026 and 1,501,030 shares, at cost	(80,985)	(50,321)
Paid-in capital	176,779	171,558
Accumulated other comprehensive income (loss), net of tax	(411)	(197)
Retained earnings	197,276	179,604
Total stockholders' equity	292,676	300,661
Total liabilities and stockholders' equity	$ 580,648	$ 579,257

See notes to condensed consolidated financial statements.

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

	Twelve Weeks Ended October 2, 2011	Twelve Weeks Ended October 3, 2010	Forty Weeks Ended October 2, 2011	Forty Weeks Ended October 3, 2010
Revenues:				
Restaurant revenue	$ 202,679	$ 191,612	$ 696,338	$ 657,094
Franchise royalties and fees and other revenues	3,565	3,231	12,531	14,602
Total revenues	206,244	194,843	708,869	671,696
Costs and expenses:				
Restaurant operating costs (exclusive of depreciation and amortization shown separately below):				
Cost of sales	51,688	46,723	175,599	160,432
Labor (includes $133, $211, $508 and $631 of stock-based compensation, respectively)	68,143	68,231	235,588	233,080
Operating	29,226	29,080	96,968	96,695
Occupancy	15,458	14,074	50,215	48,361
Depreciation and amortization	13,006	13,341	42,751	43,777
Selling, general, and administrative (includes $563, $1,349, $1,669 and $3,100 of stock-based compensation, respectively)	22,926	22,612	79,508	73,455
Pre-opening costs	622	740	2,799	1,992
Asset impairment charge	1,919	6,116	1,919	6,116
Total costs and expenses	202,988	200,917	685,347	663,908
Income (loss) from operations	3,256	(6,074)	23,522	7,788
Other expense:				
Interest expense, net and other	1,556	1,106	4,424	4,228
Income (loss) before income taxes	1,700	(7,180)	19,098	3,560
Income tax expense (benefit)	(369)	(2,967)	1,426	(1,512)
Net income (loss)	$ 2,069	$ (4,213)	$ 17,672	$ 5,072
Earnings (loss) per share:				
Basic	$ 0.14	$ (0.27)	$ 1.17	$ 0.33
Diluted	$ 0.14	$ (0.27)	$ 1.15	$ 0.32
Weighted average shares outstanding:				
Basic	15,024	15,519	15,154	15,494
Diluted	15,277	15,519	15,395	15,668

See notes to condensed consolidated financial statements.

RED ROBIN GOURMET BURGERS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Forty Weeks Ended October 2, 2011	Forty Weeks Ended October 3, 2010
Cash Flows From Operating Activities:		
Net income	$ 17,672	$ 5,072
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	42,751	43,777
Gift card breakage	(1,334)	(4,165)
Stock-based compensation expense	2,177	2,954
Asset impairment charge	1,919	6,116
Restaurant closure costs	—	89
Other, net	(1,722)	(3,144)
Changes in operating assets and liabilities	11,653	851
Cash provided by operating activities	73,116	51,550
Cash Flows From Investing Activities:		
Purchases of property and equipment	(32,650)	(25,793)
Proceeds from sales of property	1,122	—
Changes in marketing fund restricted cash	527	824
Cash used in investing activities	(31,001)	(24,969)
Cash Flows From Financing Activities:		
Borrowings of long-term debt	187,000	124,100
Payments of long-term debt	(187,704)	(159,630)

Payments to acquire Treasury Stock	(30,664)	—
Proceeds from exercise of stock options and employee stock purchase plan	2,819	636
Debt issuance costs	(3,662)	—
Payments of other debt and capital lease obligations	(699)	(715)
Cash used in financing activities	(32,910)	(35,609)
Net change in cash and cash equivalents	9,205	(9,028)
Cash and cash equivalents, beginning of period	17,889	20,268
Cash and cash equivalents, end of period	$ 27,094	$ 11,240
Supplemental Disclosure of Cash Flow Information:		
Income taxes paid	$ 790	$ 725
Interest paid, net of amounts capitalized	4,006	3,802

See notes to condensed consolidated financial statements.

RED ROBIN GOURMET BURGERS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation and Recent Accounting Pronouncements

Red Robin Gourmet Burgers, Inc., a Delaware corporation, together with its subsidiaries ("Red Robin" or the "Company"), develops and operates casual-dining restaurants. At October 2, 2011, the Company operated 323 company-owned restaurants located in 32 states. The Company operates its business as one operating and one reportable segment. The Company also franchises its restaurants, of which there were 137 restaurants in 21 states and two Canadian provinces as of October 2, 2011.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Red Robin and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Some of the more significant estimates included in the preparation of these financial statements pertain to recoverability of long-lived assets, recoverability of goodwill, estimated useful lives of other intangible assets, variable compensation accruals, lease accounting, estimated fair value, self-insurance liabilities, stock-based compensation expense, estimated breakage on unredeemed gift cards and deferred revenue related to our customer loyalty program, legal contingencies, and income taxes. Actual results could differ from those estimates. The results of operations for any interim period are not necessarily indicative of results for the full year.

The accompanying condensed consolidated financial statements of Red Robin have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in the Company's annual consolidated financial statements on Form 10-K have been condensed or omitted. The condensed consolidated balance sheet as of December 26, 2010, has been derived from the audited consolidated financial statements as of that date, but does not include all disclosures required by generally accepted accounting principles. For further information, please refer to and read these interim condensed consolidated financial statements in conjunction with the Company's audited consolidated financial statements included in the Company's annual report on Form 10-K for the fiscal year ended December 26, 2010 filed with the SEC on February 25, 2011.

The Company's quarter which ended October 2, 2011, is referred to as third quarter 2011, or the twelve weeks ended October 2, 2011; the second quarter ended July 10, 2011, is referred to as second quarter 2011, or the twelve weeks ended July 10, 2011; the first quarter ended April 17, 2011, is referred to as first quarter 2011, or the sixteen weeks ended April 17, 2011; and, together the first, second and third quarters of 2011 are referred to as the forty weeks ended October 2, 2011. The Company's quarter which ended October 3, 2010, is referred to as the third quarter 2010, or the twelve weeks ended October 3, 2010; the second quarter ended July 11, 2010, is referred to as second quarter 2010, or the twelve weeks ended July 11, 2010; the first quarter ended April 18, 2010, is referred to as first quarter 2010, or the sixteen weeks ended April 18, 2010; and, together the first, second and third quarters of 2010 are referred to as the forty weeks ended October 3, 2010.

Recent Accounting Pronouncements

In June 2011, the FASB finalized guidance on the Presentation of Comprehensive Income, which revises the manner in which entities present comprehensive income in their financial statements. The new guidance removes the presentation options and requires entities to report components of comprehensive income in either (1) a continuous statement of comprehensive income or (2) two separate but consecutive statements. Under the two-statement approach, the first statement would include components of net income, which is consistent with the income statement format used today, and the second statement would include components of other comprehensive income (OCI). This guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2011.

In September 2011, the FASB finalized guidance on Testing Goodwill for Impairment. The new guidance simplifies how entities test goodwill for impairment and permits an entity to first assess qualitative factors to determine whether it is more likely than

not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. This guidance is effective for fiscal years beginning after December 15, 2011.

2. Restaurant Impairment and Closures

During the third quarter of fiscal 2011, the Company determined that one company-owned restaurant was impaired. The Company recognized a non-cash pre-tax impairment charge of $1.9 million resulting from the continuing and projected future results of this restaurant, primarily through projected undiscounted cash flows, which indicated impairment. During the third quarter of fiscal 2010, the Company determined that four company-owned restaurants were impaired, and the Company recognized a non-cash impairment charge of $6.1 million resulting from the continuing and projected losses of these restaurants. The Company compared the carrying amount of each restaurant to its fair value as estimated by management. The impairment charges represent the excess of each restaurant's carrying amount over its estimated fair value.

The Company closed no restaurants during the forty weeks ended October 2, 2011. The Company closed one restaurant in the first quarter of 2010. There was no associated amount of goodwill to write off in connection with the closure. The Company recognized charges of $89,000 for the forty weeks ended October 3, 2010, related to lease terminations and other closing related costs for this restaurant.

3. Stock-Based Compensation

Stock Options

During the twelve weeks ended October 2, 2011, the Company issued 20,000 options with a weighted average grant date fair value of $13.42 per share and a weighted average exercise price of $29.98 per share. Compensation expense for these options is recognized over the remaining vesting period less expected forfeitures. The weighted average vesting period for all options outstanding is approximately 1.4 years. The Company issued 44,000 options with a weighted average grant date fair value of $9.05 per share and a weighted average exercise price of $20.03 per share during the twelve weeks ended October 3, 2010.

During the forty weeks ended October 2, 2011, the Company issued 153,000 options with a weighted average grant date fair value of $14.27 per share and a weighted average exercise price of $32.38 per share. Compensation expense for these options is recognized over the remaining weighted average vesting period less expected forfeitures for all options outstanding which is approximately 1.4 years. The Company issued 298,000 options with a weighted average grant date fair value of $9.14 per share and a weighted average exercise price of $21.45 per share during the forty weeks ended October 3, 2010.

The fair value of options at the grant date was estimated utilizing the Black-Scholes multiple option-pricing model with the following weighted average assumptions for the periods presented:

	Twelve Weeks Ended		Forty Weeks Ended	
	October 2, 2011	October 3, 2010	October 2, 2011	October 3, 2010
Risk-free interest rate	0.8%	1.1%	1.2%	1.6%
Expected years until exercise	3.8	3.9	3.6	3.6
Expected stock volatility	60.7%	59.9%	60.3%	57.6%
Dividend yield	0.0%	0.0%	0.0%	0.0%
Weighted-average Black-Scholes fair value per share at date of grant	$ 13.42	$ 9.05	$ 14.27	$ 9.14

Restricted Stock

The Company did not issue any shares of restricted stock during the twelve and forty weeks ended October 2, 2011 or during the twelve and forty weeks ended October 3, 2010. Compensation expense for the aggregate 14,000 shares of non-vested common stock outstanding at October 2, 2011 is recognized over the remaining vesting period, less expected forfeitures. The remaining weighted average vesting period is approximately 0.7 years. These awards vest in installments over four years on the anniversary dates.

Time Based RSUs

During the twelve weeks ended October 2, 2011, the Company granted 26,000 time based restricted stock units ("RSUs") to employees under the Second Amended and Restated 2007 Performance Incentive Plan (the "Stock Plan") with a weighted average grant date fair

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value of $28.50. The fair value of each RSU granted is equal to the market price of the Company's stock at date of grant. Compensation expense for RSUs is recognized over the vesting period, less expected forfeitures. During the forty weeks ended October 2, 2011, the Company granted 69,000 RSUs under the Stock Plan with a weighted average grant date fair value of $31.77. The Company granted 114,000 RSUs under the Stock Plan with a weighted average grant date fair value of $20.83 during the forty weeks ended October 3, 2010.

The weighted average vesting period for all RSUs outstanding is approximately 1.7 years. The RSUs granted to employees vest in equal installments over three to four years on the anniversary date and, upon vesting, the Company issues one share of the Company's common stock for each RSU. The RSUs granted to non-employee directors are scheduled to vest in three equal installments on the first, second, and third anniversaries of the date of grant and the shares underlying the units will be distributed upon vesting. The Company granted 23,000 RSUs with a weighted average grant date fair value of $19.83 during the twelve weeks ended October 3, 2010.

Performance Based RSUs

During the forty weeks ended October 3, 2011, the Company granted no performance based restricted stock units ("PSUs"). During the first quarter 2010, the Company issued 40,500 PSUs under its 2007 Stock Plan with a grant date fair value of $35.90. The Company issued 20,400 additional PSUs during the third quarter 2010 with a grant date fair value of $33.01. These PSUs are subject to company performance metrics based on Total Shareholder Return and measure the overall stock price performance of the Company to the stock price performance of a selected industry peer group, thus resulting in a market condition. The actual number of PSUs subject to the awards will be determined at the end of the performance period based on the performance metrics. The fair value of the PSUs is calculated using the Monte Carlo valuation method. This method utilizes multiple input variables to determine the probability of the Company achieving the market condition and the fair value of the awards. These awards have a three-year performance period and are classified as equity because each unit is convertible into one share of the Company's common stock upon vesting. Compensation expense is recognized on a straight-line basis over the requisite service period (or to an employee's eligible retirement date, if earlier).

4. Earnings Per Share

Basic earnings (loss) per share amounts are calculated by dividing net income (loss) by the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share amounts are calculated based upon the weighted-average number of common shares and potentially dilutive shares of common stock outstanding during the period. Potentially dilutive shares are excluded from the computation in periods in which they have an anti-dilutive effect. Diluted earnings per share reflect the potential dilution that could occur if holders of options exercised their options into common stock. During the twelve and forty weeks ended October 2, 2011, weighted stock options outstanding of 249,000 and 226,000, respectively, were not included in the computation of diluted earnings per share because to do so would have been anti-dilutive for the periods presented. During the twelve and forty weeks ended October 3, 2010, weighted stock options outstanding of 764,000 and 529,000, respectively, were not included in the computation of diluted earnings per share because to do so would have been anti-dilutive for the periods presented. The Company uses the treasury stock method to calculate the effect of outstanding stock options. The computations for basic and diluted earnings (loss) per share are as follows (in thousands, except per share data):

Twelve Weeks Ended	Forty Weeks Ended

	October 2, 2011	October 3, 2010	October 2, 2011	October 3, 2010
Net income (loss)	$ 2,069	$ (4,213)	$ 17,672	$ 5,072
Basic weighted-average shares outstanding	15,024	15,519	15,154	15,494
Dilutive effect of stock options and awards	253	—	241	174
Diluted weighted-average shares outstanding	15,277	15,519	15,395	15,668
Earnings (loss) per share:				
Basic	$ 0.14	$ (0.27)	$ 1.17	$ 0.33
Diluted	$ 0.14	$ (0.27)	$ 1.15	$ 0.32

5. Borrowings

Borrowings at October 2, 2011 and December 26, 2010 are summarized below (in thousands):

	October 2, 2011	December 26, 2010
Term loan facility	$ 146,250	$ 103,954
Revolving credit facility	—	43,000
Capital lease obligations	10,803	11,568
Total Debt	157,053	158,522
Less: Current portion	(10,109)	(19,577)
Long-term debt	$ 146,944	$ 138,945

On May 6, 2011, the Company amended and restated its credit facility, which was set to mature in June 2012, to provide a more flexible capital structure and facilitate its growth plans. Borrowings under the amended credit agreement may be used by the Company to repurchase shares of its capital stock within certain limits, continue to finance restaurant construction, and for working capital or other general corporate requirements. The amended credit facility is comprised of (i) a $100 million revolving credit facility maturing on May 6, 2016 and (ii) a $150 million term loan maturing on May 6, 2016, both with rates based on the London Interbank Offered Rate (LIBOR) plus a range of 2.25% to 3.0% depending upon leverage or base rate plus a range of 1.25% to 2.00% depending upon leverage (base rate is the highest of (a) the Prime Rate, (b) the Federal Funds Rate plus an initial rate of 0.50% and (c) LIBOR for an Interest Period of one month plus 1%). The amended credit agreement also allows, subject to lender participation, the Company to increase the revolving credit facility or term loan by up to an additional $100 million in the future. As part of the amended credit agreement, the Company may also request the issuance of up to $20 million in letters of credit, the outstanding amount of which reduces the net borrowing capacity under the revolving credit facility. The amended credit agreement requires the payment of an annual commitment fee based upon the unused portion of the credit facility. The credit facility's interest rates and the annual commitment rate are based on a financial leverage ratio, as defined in the credit agreement. The Company's obligations under the amended credit agreement are secured by first priority liens and security interests in substantially all of the assets of the Company, which includes the capital stock of subsidiaries of the Company. Additionally, the amended credit agreement includes a negative pledge on all tangible and intangible assets (including all real and personal property) with customary exceptions.

The Company initially borrowed $150 million under the term loan facility and used the proceeds to repay all borrowings under the prior credit facility. The effective interest rate on the term loan facility as of October 2, 2011 was 3.37%.

The Company is subject to a number of customary covenants under its credit agreement, including limitations on additional borrowings, acquisitions, capital expenditures, share repurchases, lease commitments and dividend payments, and requirements to maintain certain financial ratios. As of October 2, 2011, we were in compliance with all debt covenants.

6. Gift Card Breakage

The Company sells gift cards which do not have an expiration date, and it does not deduct dormancy fees from outstanding gift card balances. The Company recognizes revenue from gift cards when: (i) the gift card is redeemed by the customer or (ii) the likelihood of the gift card being redeemed by the customer is remote (gift card breakage), and the Company determines that there is not a legal obligation to remit the unredeemed gift card balance to the relevant jurisdiction. The determination of the gift card breakage rate is based upon the Company's specific historical redemption patterns. The Company recognizes gift card breakage by applying its estimate of the rate of gift card breakage over the period of estimated performance (generally, 24 months). The Company completed its initial analysis of unredeemed gift card liabilities for gift cards that it sold in its restaurants during the first quarter 2010. The Company completed initial analysis of unredeemed gift card liabilities for gift cards sold in third party locations during the first quarter of 2011 and recognized $438,000 into revenue as an initial adjustment. The Company completed initial analysis of unredeemed gift card liabilities for gift cards sold in restaurants during the first quarter of 2010 and recognized $3.5 million into revenue as an initial adjustment. For the twelve and forty weeks ended October 2, 2011, the Company recognized gift card breakage of $274,000 and $1.3 million, respectively, (inclusive of initial cumulative program adjustment for third party gift card sales). For the twelve and forty weeks ended October 3, 2010, the Company recognized $192,000 and $4.2 million, respectively, (inclusive of an initial cumulative program adjustment for restaurant gift card sales). Gift card breakage is included in other revenue in the consolidated statements of operations.

7. Advertising Costs

Costs incurred in connection with the advertising and marketing of the Company are included in selling, general, and administrative expenses. These costs include salaries, variable

compensation, advertising, media, and marketing materials. Media costs are expensed as incurred or when the advertisement first runs. Such costs amounted to $6.5 million and $23.3 million for the twelve weeks and forty weeks ended October 2, 2011, respectively, and $6.4 million and $23.3 million, respectively, for the twelve and forty weeks ended October 3, 2010.

Under the Company's franchise agreements, both the Company and the franchisees must contribute a minimum percentage of revenues to two marketing and national media advertising funds (the "Marketing Funds"). These Marketing Funds are used to develop and distribute Red Robin branded marketing materials, for media purchases and for administrative costs. The Company's portion of costs incurred by the Marketing Funds is recorded as selling, general, and administrative expenses in the Company's financial statements.

8. Derivative and Other Comprehensive Income

The Company enters into derivative instruments for risk management purposes only, including derivatives designated as a cash flow hedge under guidance for derivative instruments and hedging activities. The Company uses interest rate-related derivative instruments to manage its exposure to fluctuations in interest rates. By using these instruments, the Company exposes itself, from time to time, to credit risk and market risk. Credit risk is the failure of either party to the contract to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Company, which creates credit risk for the Company. The Company minimizes the credit risk by entering into transactions with high-quality counterparties whose credit rating is evaluated on a quarterly basis. The Company has one interest rate swap at October 2, 2011 and it's counterparty is Rabobank International, Utrecht ("Rabobank"). Market risk, as it relates to the Company's interest-rate derivative, is the adverse effect on the value of a financial instrument that results from changes in interest rates. The Company minimizes market risk by establishing and monitoring parameters that limit the types and degree of market risk that the Company takes.

In August 2011, the Company entered into a variable-to-fixed interest rate swap agreement with Rabobank to hedge the Company's floating interest rate on half of the remaining term loan that is outstanding at October 2, 2011 under the Company's amended and restated credit facility, or $73.1 million notional at October 2, 2011. The interest rate swap has an effective date of August 5, 2011, and $0.9 million of the initial $74.1 million expired on September 30, 2011, in accordance with its original terms. The notional amount of the hedge will decrease quarterly based on the remaining required principal term loan payments, and will expire on June 30, 2015 with a notional hedge amount of $50.6 million. The Company is required to make quarterly payments based on a fixed interest rate of 1.135%, calculated based on the remaining notional amount, which is half of the outstanding term loan. In exchange, the Company receives interest on the notional amount at a variable rate that is based on the 3-month spot LIBOR rate quarterly. The Company entered into this interest rate swap to offset the variability of its interest expense arising out of changes in the variable interest rate for the designated interest payments and designated the swap as a cash flow hedge. Accordingly, changes in fair value of the interest rate swap contract are recorded, net of taxes, as a component of accumulated other comprehensive loss ("AOCL") in the accompanying condensed consolidated balance sheets. The Company reclassifies the effective gain or loss from AOCL, net of tax, on the Company's consolidated balance sheet to interest expense on the Company's consolidated statements of income as the interest expense is recognized on the related debt.

In March 2008, the Company entered into a variable-to-fixed interest rate swap agreement with SunTrust to hedge the Company's floating interest rate on an aggregate of up to $120 million of debt that was outstanding under the Company's amended and restated credit facility. The interest rate swap had an effective date of March 19, 2008, and $50 million of the initial $120 million expired on March 19, 2010, and the remaining $70 million expired on March 19, 2011, in accordance with its original terms. The Company was required to make payments based on a fixed interest rate of 2.7925%, calculated on the remaining notional amount of $70 million. In exchange, the Company received interest on $70 million of the notional amount at a variable rate that was based on the 3-month LIBOR rate. The Company entered into this interest rate swap with the objective of offsetting the variability of its interest expense that arises because of changes in the variable interest rate for the designated interest payments and designated the swap as a cash flow hedge since its inception. Accordingly, changes in fair value of the interest rate swap contract were recorded, net of taxes, as a component of accumulated other comprehensive loss ("AOCL") in the accompanying condensed consolidated balance sheets. The Company reclassifies the effective gain or loss from AOCL, net of tax, on the Company's consolidated balance sheet to interest expense on the Company's consolidated statements of income as the interest expense is recognized on the related debt.

The following table summarizes the fair value and presentation in the condensed consolidated balance sheets of the interest rate swap as hedging instruments as of October 2, 2011 and December 26, 2010 (in thousands):

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Balance Sheet Location	Derivative Liability: Fair value at October 2, 2011	Derivative Liability: Fair value at December 26, 2010
Accrued liabilities	$ 446	$ 411
Other non-current liabilities	227	—
Total derivatives	$ 673	$ 411

The following table summarizes the effect of the interest rate swap on the condensed consolidated statements of operations for the twelve and forty weeks ended October 2, 2011 and October 3, 2010 (in thousands):

	Twelve Weeks Ended		Forty Weeks Ended	
	October 2, 2011	October 3, 2010	October 2, 2011	October 3, 2010
Unrealized gain (loss) on swap in AOCL (pretax)	$ (782)	$ (70)	$ (782)	$ (378)
Realized gain (loss) [pretax effective portion] recognized in interest expense	$ (109)	$ (375)	$ 299	$ (1,614)

As a result of this activity, AOCL increased by $673,000 and $262,000 on a pretax basis or $411,000 and $214,000 on an after tax basis for the twelve and forty weeks ended October 2, 2011, respectively. For the twelve and forty weeks ended October 3, 2010, AOCL decreased by $305,000 and $1.2 million on a pretax basis or $114,000 and $888,000 on an after tax basis for the twelve and forty weeks ended October 3, 2010, respectively. The interest rate swap had no hedge ineffectiveness, and as a result, no unrealized gains or losses were reclassified into net earnings as a result of hedge ineffectiveness. The company expects no ineffectiveness in the next twelve months. Additionally, the Company had no obligations at October 2, 2011 to post collateral under the terms of the Interest Rate Swap Agreement.

Comprehensive income consists of net income and other gains and losses affecting stockholders' equity that are excluded from net income. Comprehensive income consisted of (in thousands):

	Twelve Weeks Ended		Forty Weeks Ended	
	October 2, 2011	October 3, 2010	October 2, 2011	October 3, 2010
Net income (loss)	$ 2,069	$ (4,213)	$ 17,672	$ 5,072
Unrealized gain (loss) on cash flow swap, net of tax	(411)	114	(214)	888
Total comprehensive income (loss)	$ 1,658	$ (4,099)	$ 17,458	$ 5,960

9. Fair Value Measurement

Fair value measurements are made under a three-tier fair value hierarchy, which prioritizes the inputs used in the measuring of fair value:

Level One: Observable inputs that reflect unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level Two: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level Three: Inputs that are generally unobservable. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Assets and Liabilities Measured at Fair Value

The derivative liability associated with the interest rate swap is considered to be a Level Two instrument. The interest rate swap was a standard cash flow hedge with a fair value estimated using industry-standard valuation models. Such models project future cash

flows and discount the future amounts to a present value using market-based observable inputs, including interest rate curves. See Note 8,*Derivative and Other Comprehensive Income*, for the discussion of the derivative liability.

The Company's deferred compensation plan is a nonqualified deferred compensation plan which allows highly compensated employees to defer a portion of their base salary, variable compensation and commissions each plan year. The carrying value of both the liability for the deferred compensation plan and associated life insurance policy are equal to their fair value. These agreements are required to be measured at fair value on a recurring basis and are valued using Level Two inputs. At October 2, 2011, and December 26, 2010, a liability for participant contributions and investment income thereon of $2.3 million and $2.6 million, respectively, is included in other non-current liabilities. To offset its obligation, the Company's plan administrator purchases corporate-owned whole-life insurance contracts on certain team members. The cash surrender value of these policies at October 2, 2011, and December 26, 2010, was $2.2 million and $2.5 million, respectively, and is included in other assets, net.

As of October 2, 2011, the Company had no financial assets or liabilities that were measured using Level One or Level Three inputs. The Company also had no non-financial assets or liabilities that were required to be measured at fair value on a recurring basis.

The following table presents our assets and liabilities that are fair valued on a recurring basis for the quarter ended October 2, 2011, and for the fiscal year ended December 26, 2010 (in thousands):

	October 2, 2011	Level One	Level Two	Level Three
Assets:				
Life insurance policy	$ 2,235	$ —	$ 2,235	$ —
Total assets measured at fair value	$ 2,235	$ —	$ 2,235	$ —
Liabilities:				
Derivative - interest rate swap	$ 673	$ —	$ 673	$ —
Deferred compensation plan	2,301	—	2,301	—
Total liabilities measured at fair value	$ 2,974	$ —	$ 2,974	$ —

	December 26, 2010	Level One	Level Two	Level Three
Assets:				
Life insurance policy	$ 2,510	$ —	$ 2,510	$ —
Total assets measured at fair value	$ 2,510	$ —	$ 2,510	$ —
Liabilities:				
Derivative - interest rate swap	$ 411	$ —	$ 411	$ —
Deferred compensation plan	2,545	—	2,545	—
Total liabilities measured at fair value	$ 2,956	$ —	$ 2,956	$ —

Disclosures of Fair Value of Other Assets and Liabilities

The Company's liabilities under its credit agreement and capital leases are carried at historical cost in the accompanying consolidated balance sheet. For disclosure purposes, we estimate the fair value of the credit facility and capital lease obligations using discounted cash flow analysis based on market rates obtained from independent third parties for similar types of debt. The inputs used to value both the credit facility and the Company's capital lease obligations are considered to be Level 2 instruments. The carrying amount of the Company's credit facility as of October 2, 2011, and December 26, 2010, was approximately $146.3 million and $147.0 million, respectively. The fair value of the Company's credit facility as of October 2, 2011, and December 26, 2010, was approximately $147.6 million and approximately $148.1 million, respectively. There are $10.8 million of outstanding borrowings recorded for the Company's capital leases as of October 2, 2011, which have an estimated fair value of $11.8 million. At December 26, 2010, the carrying amount of the Company's capital lease obligations was $11.6 million, and the fair value was $11.5 million.

Asset Impairment

The Company took a pre-tax impairment charge for one of its restaurants in the third quarter 2011of $1.9 million and four of its restaurants in the third quarter 2010 of $6.1 million. These are considered to be assets that are measured at fair value on a nonrecurring basis. The inputs used for the fair value measurement of the restaurants are considered Level Three. For further information refer to *Note 2 Restaurant Impairment and Closures*.

10. Related Party Transactions

In 2009, the Company appointed a member and former franchisee to its board of directors who qualifies as a related party. This board member is a principal of, and holds, directly or indirectly, interests of between 45% and 100% in each of three privately-held entities that hold the leases for three Company-owned restaurants. These restaurants were acquired from the franchisee as part of three restaurant acquisitions in 2007. Under those leases, the Company recognized rent and other related payments in the amounts of $226,000 and $214,000 for the twelve weeks ended October 2, 2011 and October 3, 2010, respectively and $873,000 and $854,000 for the forty weeks ended October 2, 2011 and October 3, 2010, respectively. Future minimum lease commitments under these leases are $4.8 million as of October 2, 2011.

11. Commitments and Contingencies

In the normal course of business, there are various legal claims in process, matters in litigation, and other contingencies. These include claims resulting from employment related claims and claims from guests or team members alleging illness, injury or other food quality, health, or operational concerns. To date, no claims of this nature, certain of which are covered by insurance policies, have had a material adverse effect on us. While it is not possible to predict the outcome of these suits, legal proceedings, and claims with certainty, management is of the opinion that adequate provision for potential losses associated with these matters has been made in the financial statements and that the ultimate resolution of these matters will not have a material adverse effect on our financial position and results of operations.

12. Share Repurchase

On August 12, 2010, the Company's board of directors re-authorized a repurchase of up to $50 million of the Company's common stock, which may be made from time to time in open market transactions or through privately negotiated transactions through December 31, 2011. This repurchase plan does not obligate the Company to acquire any specific number of shares or acquire shares over any specified period of time. There were 681,466 shares purchased in the third quarter 2011 with an average purchase price of $29.77 per share for a total of $20.3 million. There were 1.1 million shares purchased under the plan for the forty weeks ended October 2, 2011 with an average purchase price of $27.78 per share for a total of $30.7 million. There is an additional $19.3 million that may be purchased under this board authorized repurchase plan.   On October 26, 2011, the Company's board of directors re-authorized a repurchase of up to $50.0 million of the Company's common stock, which includes the balance of the previous authorization, and which will expire December 31, 2012.

13. Executive Transition

In June 2011, the Company announced the departure of its Chief Financial Officer and Chief Marketing Officer. We appointed a new Chief Marketing Officer, effective as of August 2, 2011 and our new Chief Financial Officer was appointed, effective as of September 12, 2011. Charges of $0.5 million and $1.4 million for the twelve and forty weeks ended October 2, 2011, respectively, related to executive transition were recorded in selling, general and administrative expense.

Stephen E. Carley was appointed as Chief Executive Officer of the Company and as a member of the board, effective as of September 13, 2010. In connection with the appointment of Mr. Carley as the Company's new Chief Executive Officer, the Company also announced the termination of the employment with the Company of Dennis B. Mullen, the former Chief Executive Officer. The charges of $2.3 million related to executive transition were recorded in selling, general and administrative expense during the period ended October 3, 2010.

14. Subsequent Events

The Company has evaluated subsequent events and found there to be no events requiring recognition or disclosure through the date of issuance of this report.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations provides a narrative of our financial performance and condition that should be read in conjunction with the accompanying condensed consolidated financial statements.   All comparisons under this heading between 2011 and 2010 refer to the twelve and forty week periods ending October 2, 2011 and October 3, 2010, respectively, unless otherwise indicated.

Overview

Red Robin Gourmet Burgers, Inc., a Delaware corporation, together with its subsidiaries ("Red Robin" or the "Company"), develops and operates casual-dining restaurants. At October 2, 2011, the Company operated 323 company-owned restaurants located in 32 states. The Company operates its business as one operating and one reportable segment. The Company also franchises its restaurants, of which there were 137 restaurants in 21 states and two Canadian provinces as of October 2, 2011.

We have identified and continue to examine opportunities that will drive strong financial performance through both revenue growth and improved expense management. We also see opportunities in both the short and long term to optimize the allocation of our capital. We have built key short and long-term strategies and initiatives around these opportunities, which we have named collectively "Project RED".

The following summarizes the operational and financial highlights during the twelve and forty weeks of fiscal 2011:

- *New Restaurant Openings.* We opened two and nine company-owned restaurants during the twelve and forty weeks ended October 2, 2011, respectively. We plan to open up to three additional company-owned restaurants in 2011 which we expect to fund from our operating cash flows.

- *Comparable Restaurant Sales.* Comparable restaurants include those Company-owned restaurants that have achieved five full quarters of operations during the periods presented. For those restaurants that entered the comparable restaurant pool during the current year, comparable sales on a year to date basis are calculated only for the period of time the restaurant reaches the full five quarters. Therefore, sales for such a restaurant can be split between comparable and non-comparable for year to date comparisons. For the twelve weeks ended October 2, 2011, the 306 restaurants in our comparable base experienced a 2.1% increase in gross sales from these same restaurants in the same period last year. This increase was driven by a 5.3% increase in average guest check, offset by a 3.2% decrease in guest count. For the forty weeks ended October 2, 2011, the restaurants in our comparable base experienced a 2.3% increase in gross sales from the same period last year, which was driven by a 3.3% increase in average guest check, offset by a 1.0% decrease in guest count.

- *Marketing Efforts.* We have executed a variety of revenue growth programs during the first forty weeks of 2011. During the first quarter of 2011, we launched our Red Royalty ™ loyalty program in all of our company-owned restaurants. We also implemented certain beverage programs including happy hour and beverage menu promotions that are aimed at increasing beverage sales, in particular alcohol beverages, in our restaurants. In the second quarter of 2011, we completed a nationwide roll-out of our new tri-fold menu, which included an estimated 1.5% price increase and new features. Finally, we have continued our limited time offer ("LTO") programs supported by national television media campaigns through the spring, summer and fall of 2011. We believe many of these activities have resulted in increases in our average guest check and sales of items per guest. At the beginning of fourth quarter 2011, we launched a new menu with a 0.9% price increase.

- *Food Costs.* As a percentage of restaurant revenue, we have seen an increase in cost of goods during the twelve and forty weeks ended October 2, 2011 compared to prior year. In particular, the cost of ground beef, which comprises approximately 12% to 13% of our cost of goods has increased approximately 5.5% and 11.5% for the twelve and forty weeks ended October 2, 2011, respectively, compared to the prior year and we expect ground beef pricing will continue to increase throughout 2011 and 2012. In addition, national and international supply-demand imbalances and other factors continue to increase commodity prices, which will have a negative effect on our costs of sales.

- *Labor.* Labor costs as a percentage of restaurant revenue decreased 200 basis points and 170 basis points for the twelve and forty weeks ended October 2, 2011 from the same periods in 2010. These decreases were primarily driven by the leverage from our higher average guest check, lower average rate per hour and increased productivity.

· *Operating Expense Initiatives.* Other operating expense categories saw declines as a percent of restaurant revenuethrough a variety of initiatives undertaken to reduce our operating costs and operating expenses as a percent of restaurant revenue in third quarter 2011 primarily due to improvements in expense management and leverage from higher revenues. We expect, in general, to see lower expenses as a percent of restaurant revenue throughout 2011 compared to 2010.

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Restaurant Data

The following table details restaurant unit data for our company-owned and franchise locations for the periods indicated.

	Twelve Weeks Ended		Forty Weeks Ended	
	October 2, 2011	October 3, 2010	October 2, 2011	October 3, 2010
Company-owned:				
Beginning of period	321	309	314	306
Opened during period	2	3	9	7
Closed during period	—	—	—	(1)
End of period	323	312	323	312
Franchised:				
Beginning of period	137	134	136	133
Opened during period	—	—	2	3
Sold or closed during period	—	(1)	(1)	(3)
End of period	137	133	137	133
Total number of Red Robin restaurants	460	445	460	445

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Results of Operations

Operating results for each period presented below are expressed as a percentage of total revenues, except for the components of restaurant operating costs, which are expressed as a percentage of restaurant revenue.

This information has been prepared on a basis consistent with our audited 2010 annual financial statements and, in the opinion of management, includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information for the periods presented. Our operating results may fluctuate significantly as a result of a variety of factors, and operating results for any period presented are not necessarily indicative of results for a full fiscal year.

	Twelve Weeks Ended		Forty Weeks Ended	
	October 2, 2011	October 3, 2010	October 2, 2011	October 3, 2010
Revenues:				
Restaurant	98.3%	98.3%	98.2%	97.8%
Franchise royalties and fees and other revenues	1.7	1.7	1.8	2.2
Total revenues	100.0	100.0	100.0	100.0
Costs and Expenses:				
Restaurant operating costs (exclusive of depreciation and amortization shown separately below):				
Cost of sales	25.5	24.4	25.2	24.4
Labor (includes 0.1%, 0.1%, 0.1%, and 0.1% of stock-based compensation expense, respectively)	33.6	35.6	33.8	35.5
Operating	14.4	15.2	13.9	14.7
Occupancy	7.6	7.3	7.2	7.4
Total restaurant operating costs	81.2	82.5	80.2	82.0
Depreciation and amortization	6.3	6.8	6.0	6.5
Selling, general, and administrative (includes 0.3%, 0.7%, 0.2%, and 0.5% of stock-based compensation expense, respectively)	11.1	11.6	11.2	10.9
Pre-opening costs	0.3	0.4	0.4	0.3
Asset impairment	0.9	3.1	0.3	0.9
Income (loss) from operations	1.6	(3.1)	3.3	1.2
Interest expense, net and other	0.8	0.6	0.6	0.6
Income (loss) before income taxes	0.8	(3.7)	2.7	0.5
Income tax expense (benefit)	(0.2)	(1.5)	0.2	(0.2)
Net income (loss)	1.0%	(2.2)%	2.5%	0.8%

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 revenue, as opposed to total revenues.

Total Revenues

	Twelve Weeks Ended			Forty Weeks Ended		
	October 2, 2011	October 3, 2010	Percent Change	October 2, 2011	October 3, 2010	Percent Change
Restaurant revenue (1)	$ 202,679	$ 191,612	5.8%	$ 696,338	$ 657,094	6.0%
Franchise royalties and fees and other revenue (1)	3,565	3,231	10.3%	12,531	14,602	(14.2)%
Total revenues (1)	$ 206,244	$ 194,843	5.9%	$ 708,869	$ 671,696	5.5%
Average weekly gross sales volumes:						
Total restaurants	$ 53,966	$ 52,295	3.2%	$ 56,286	$ 54,480	3.3%
Operating weeks	3,870	3,730	3.8%	12,726	12,341	3.1%

(1) In thousands, except percentages

Restaurant revenue during the twelve weeks ended October 2, 2011, which is comprised almost entirely of food and beverage sales, increased by $11.1 million compared to third quarter 2010. Gross sales in our comparable restaurant base experienced an increase of approximately $4.0 million or 2.1% during the third quarter 2011. This increase was primarily the result of a 5.3% increase in average guest check partially offset by 3.2% decrease in guest counts. We believe the gross sales increase was driven by a combination of our second quarter menu price increase, the nationwide rollout of our tri-fold menu, and the Red Royalty loyalty program. Discounts related to our Red Royalty loyalty program are accounted for as a reduction of sales so that our net comparable restaurant sales increased 0.8%. Sales for non-comparable restaurants contributed an increase of $10.3 million, primarily all of which was attributed to sales from restaurants opened since the end of the third quarter of 2010.

Restaurant revenue for the forty week period ended October 2, 2011, increased $39.2 million, or 6.0%, from the same period in 2010. This was primarily the result of a 3.3% increase in the average guest check partially offset by a 1.0% decrease in guest counts. These gross sale increases were partially offset by an increase in sales discounts driven primarily from frequency rewards redeemed by our Red Royalty™ members. Discounts related to our Red Royalty loyalty program are accounted for as a reduction of sales so that our net comparable restaurant sales increased 1.7%. Gross sales for non-comparable restaurants contributed an increase of $31.7 million in restaurant revenue.

Average weekly sales volumes represent the total restaurant revenue, before discounts, for a population of restaurants in both a comparable and non-comparable category for each time period presented, divided by the number of operating weeks in the period. Comparable restaurant average weekly sales volumes include those restaurants that are in the comparable base at the end of each period presented. At the end of the third quarter 2011, there were 306 comparable restaurants. Non-comparable restaurants are primarily restaurants that are open but by definition not included in the comparable category because they haven't yet reached the five full quarters of operation. At the end of the third quarter 2011, there were 17 non-comparable restaurants. Fluctuations in average weekly sales volumes for comparable restaurants reflect the effect of same store sales changes as well as the performance of new restaurants entering the comparable base during the period.

Franchise royalties and fees, which consist primarily of royalty income and initial franchise fees, increased 8.6% and 7.5% for the twelve and forty weeks ended October 2, 2011, respectively. The twelve and forty week increase is primarily attributable to the increased sales at franchise locations and six new franchise locations opened since October 3, 2010. Our franchisees reported that comparable restaurant sales increased 2.1% for U.S. restaurants and increased 4.7% for Canadian restaurants for the third quarter of 2011 compared to the third quarter of 2010. For the forty weeks ended October 2, 2011, our franchisees reported that comparable restaurant sales for U.S. restaurants increased 2.4% and Canadian restaurants increased 2.0% from the forty week period ended October 3, 2010.

Other revenue consists primarily of gift card breakage. We recognized $0.3 million and $0.2 million, respectively, of gift card breakage for the twelve weeks ended October 2, 2011 and October 3, 2010. For the forty weeks ended October 2, 2011 and October 3, 2010, we recognized $1.3 million and $4.2 million, respectively, of gift card breakage. During the first quarter 2011, we recognized $438,000 of third-party gift card revenue as an initial cumulative program adjustment for gift card sales sold in third party retail locations, while during the first quarter 2010, we recognized $3.5 million of breakage revenue as an initial cumulative program adjustment for gift cards sold in our restaurants.

Cost of Sales

	Twelve Weeks Ended			Forty Weeks Ended		
(In thousands, except percentages)	October 2, 2011	October 3, 2010	Percent Change	October 2, 2011	October 3, 2010	Percent Change
Cost of sales	$ 51,688	$ 46,723	10.6%	$ 175,599	$ 160,432	9.5%
As a percent of restaurant revenue	25.5%	24.4%	1.1%	25.2%	24.4%	0.8%

Cost of sales, comprised of food and beverage expenses, are variable and generally fluctuate with sales volume. For the twelve weeks ended October 2, 2011, cost of sales as a percentage of restaurant revenue increased 110 basis points, or $5.0 million, compared to the same period in the prior year. This increase was driven by an approximate 70 basis points increase in commodity costs, in particular, ground beef, potatoes, cheese and fry oil and a 70 basis points increase in higher cost food items related to changes in product mix to higher cost menu items. These increases were partially offset by a 30 basis point decrease due to the leverage on our higher revenue.

For the forty weeks ended October 2, 2011, cost of sales as a percentage of restaurant revenue increased 80 basis points and $15.2 million from the forty weeks ended October 3, 2010; this increase was driven by a 70 basis points net increase in commodity costs, including ground beef, potatoes, cheese and produce and a 40 basis point increase related to change in product mix to higher cost menu items. These increases were partially offset by a 20 basis point decrease due to the leverage on our higher revenue.

Labor

	Twelve Weeks Ended			Forty Weeks Ended		
(In thousands, except percentages)	October 2, 2011	October 3, 2010	Percent Change	October 2, 2011	October 3, 2010	Percent Change
Labor	$ 68,143	$ 68,231	(0.1)%	$ 235,588	$ 233,080	1.1%
As a percent of restaurant revenue	33.6%	35.6%	(2.0)%	33.8%	35.5%	(1.7)%

Labor costs include restaurant hourly wages, restaurant management salaries, stock-based compensation, variable compensation, taxes, and benefits for restaurant team members. For the twelve weeks ended October 2, 2011, labor costs as a percentage of restaurant revenue decreased 200 basis points. Approximately 150 basis points of this decrease was due to the leverage of our higher average guest check on our fixed labor costs, while approximately 80 basis points decrease was due to increased productivity and a lower average hourly rate. These decreases were offset by an approximate 40 basis point increase in payroll taxes specifically related to reduced HIRE Act payroll tax reductions realized in 2010.

For the forty weeks ended October 2, 2011, labor as a percentage of restaurant revenue decreased 170 basis points from the forty weeks ended October 3, 2010. This decrease is driven by the leverage of our higher guest check as well as increased productivity and a lower average hourly rate. These decreases were partially offset by higher payroll taxes, specifically related to reduced HIRE Act payroll tax deductions realized in 2010.

Operating

(In thousands, except percentages)	Twelve Weeks Ended October 2, 2011	Twelve Weeks Ended October 3, 2010	Percent Change	Forty Weeks Ended October 2, 2011	Forty Weeks Ended October 3, 2010	Percent Change
Operating	$ 29,226	$ 29,080	0.5%	$ 96,968	$ 96,695	0.3%
As a percent of restaurant revenue	14.4%	15.2%	(0.8)%	13.9%	14.7%	(0.8)%

Operating costs include variable costs such as restaurant supplies and fixed costs such as energy costs and repairs and maintenance. For both the twelve and forty weeks ended October 2, 2011, operating costs as a percentage of restaurant revenue decreased 80 basis points over prior year. Contributing to the twelve week decrease as a percentage of restaurant revenue was primarily a combination of 60 basis points leverage from higher restaurant revenue and 30 basis points decrease in service costs.

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Contributing to the forty week decrease was a combination of 50 basis point leverage from higher restaurant revenue and a 20 basis point decrease in service and maintenance expenses.

Occupancy

(In thousands, except percentages)	Twelve Weeks Ended October 2, 2011	Twelve Weeks Ended October 3, 2010	Percent Change	Forty Weeks Ended October 2, 2011	Forty Weeks Ended October 3, 2010	Percent Change
Occupancy	$ 15,458	$ 14,074	9.8%	$ 50,215	$ 48,361	3.8%
As a percent of restaurant revenue	7.6%	7.3%	0.3%	7.2%	7.4%	(0.2)%

Occupancy costs include fixed rents, percentage rents, common area maintenance charges, real estate and personal property taxes, general liability insurance, and other property costs. Our occupancy costs generally increase with increases in sales volume from contingent rents or the addition of new restaurants, but decline as a percentage of restaurant revenue as we leverage our fixed costs. Fixed rents for the twelve and forty weeks ended October 2, 2011 were $9.9 million and $32.4 million, respectively. The twelve week increase of occupancy costs as a percent of restaurant revenue related mainly to an increase in general liability insurance, partly offset by revenue.

Depreciation and Amortization

(In thousands, except percentages)	Twelve Weeks Ended October 2, 2011	Twelve Weeks Ended October 3, 2010	Percent Change	Forty Weeks Ended October 2, 2011	Forty Weeks Ended October 3, 2010	Percent Change
Depreciation and amortization	$ 13,006	$ 13,341	(2.5)%	$ 42,751	$ 43,777	(2.3)%
As a percent of total revenues	6.3%	6.8%	(0.5)%	6.0%	6.5%	(0.5)%

Depreciation and amortization includes depreciation of capital investments for restaurants and corporate assets as well as amortization of acquired intangible assets and liquor licenses. Depreciation and amortization expense as a percentage of revenue for the twelve and forty weeks ended October 2, 2011, decreased which was driven by leverage from higher restaurant sales volumes on these fixed expenses, as well as equipment reaching full depreciation for restaurants which were open during third quarters 2005 and 2006.

Selling, General, and Administrative

(In thousands, except percentages)	Twelve Weeks Ended October 2, 2011	Twelve Weeks Ended October 3, 2010	Percent Change	Forty Weeks Ended October 2, 2011	Forty Weeks Ended October 3, 2010	Percent Change
Selling, general, and administrative	$ 22,926	$ 22,612	1.4%	$ 79,508	$ 73,455	8.2%
As a percent of total revenues	11.1%	11.6%	(0.5)%	11.2%	10.9%	0.3%

Selling, general, and administrative costs include all corporate and administrative functions that support our existing restaurant operations, our franchises, and provide infrastructure to facilitate our future growth. Components of this category include compensation and benefits of corporate management, supervisory and staff, marketing and media costs, travel, information systems, training, office rent, franchise administrative support, board of directors expenses, legal, and professional and consulting fees. For the twelve weeks ended October 2, 2011, selling, general and administrative costs increased 1.4% due to a $1.8 million increase in accrued performance based compensation, and $0.4 million in expenses related to infrastructure investments, partly offset by a $1.8 million decrease in executive transition costs over third quarter 2010.

For the forty weeks ended October 2, 2011, selling, general, and administrative costs increased 8.2%, or $6.1 million, due to a $4.1 million increase in accrued performance based compensation and $1.8 million in expenses related to infrastructure investments.

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Pre-opening Costs

(In thousands, except percentages)	Twelve Weeks Ended October 2, 2011	Twelve Weeks Ended October 3, 2010	Percent Change	Forty Weeks Ended October 2, 2011	Forty Weeks Ended October 3, 2010	Percent Change
Pre-opening costs	$ 622	$ 740	(15.9)%	$ 2,799	$ 1,992	40.5%
As a percent of total revenues	0.3%	0.4%	(0.1)%	0.4%	0.3%	0.1%
Average per restaurant pre-opening costs	$ 254	$ 247	2.8%	$ 281	$ 257	9.3%

Pre-opening costs, which are expensed as incurred, consist of the costs of labor, hiring and training the initial work force for our new restaurants, travel expenses for our training teams, the cost of food and beverages used in training, marketing costs, lease costs incurred prior to opening, and other direct costs related to the opening of new restaurants. Pre-opening costs for the twelve weeks ended October 2, 2011, and October 3, 2010, reflect the opening of two and one new restaurants, respectively. We opened two and nine company-owned restaurants during the twelve and forty weeks ended October 2, 2011, respectively, compared to three and seven company-owned restaurants during the twelve and forty weeks ended October 3, 2010, respectively.

Asset Impairment

During the third quarter of fiscal 2011, the Company determined that one company-owned restaurant was impaired. The Company recognized a pre-tax non-cash impairment charge of $1.9 million resulting from the continuing and projected future results of this restaurant, primarily through projected undiscounted cash flows, which indicated impairment. During the third quarter of fiscal 2010, the Company determined that four company-owned restaurants were impaired, and the Company recognized a pre-tax non-cash impairment charge of $6.1 million resulting from the continuing and projected losses of these restaurants. The Company compared the carrying amount of each restaurant to its fair value as estimated by management. The impairment charges represent the excess of each restaurant's carrying amount over its estimated fair value.

Interest Expense, net and other

Interest expense, net and other was $1.6 million and $1.1 million for the twelve weeks ended October 2, 2011, and October 3, 2010, respectively and $4.4 million and $4.2 million for the forty weeks ended October 2, 2011, and October 3, 2010, respectively. The increases for both the twelve and forty weeks ended October 2, 2011 were primarily due to the Company's higher average debt balances compared to the twelve weeks ended October 3, 2010. Our weighted average interest rate was 3.7% and 3.2% for the twelve and forty weeks ended October 2, 2011, versus 2.7% and 2.9%, respectively, for the twelve and forty weeks ended October 3, 2010.

Provision for Income Taxes

The effective income tax rate for the third quarter 2011 was a 21.7%, tax benefit, compared to a 41.3%, tax benefit, for the third quarter 2010. The effective income tax rate for the forty weeks ended October 2, 2011, and October 3, 2010, was tax expense of 7.5%, and a 42.5%, tax benefit, respectively. The 2011 effective tax rate decrease over prior year is primarily due to higher income, more favorable general business tax credits, primarily the FICA Tip Tax Credit, and as the 2011 HIRE Act Tax Credit as a percent of current year income before tax.

Liquidity and Capital Resources

General. Cash and cash equivalents increased $9.2 million to $27.1 million at October 2, 2011, from $17.9 million at the beginning of the fiscal year. This increase was due primarily to $73.1 million of cash provided by operating activities, offset by $32.7 million used for the construction of new restaurants and expenditures for facility infrastructure improvements, and $30.7 million used for share repurchases. We expect to continue to reinvest available cash flows from operations to develop new restaurants or enhance existing restaurants, pay down debt, and maintain the flexibility to use excess cash to opportunistically repurchase our common stock and execute our long term strategic initiatives.

Financial Condition and Future Liquidity. We require capital principally to grow the business through new restaurant construction, as well as to maintain, improve and refurbish existing restaurants, provide support for infrastructure needs, and for general operating purposes. In addition, we have used and may continue to use capital to repurchase our common stock and execute our long term strategic initiatives. Our primary short-term and long-term sources of liquidity are expected to be available cash on hand, cash flows from operations and our revolving credit facility. Based upon current levels of operations and anticipated growth, we expect that cash flows from operations and cash on hand will be sufficient to meet debt service, capital expenditures, and working capital requirements for at least the next twelve months. The Company and the restaurant industry in general maintain relatively low

levels of accounts receivable and inventories, and vendors generally grant trade credit for purchases, such as food and supplies. We also continually invest in our business through the addition of new restaurants and refurbishment of existing restaurants, which are reflected as long-term assets and not as part of working capital. We expect to open up to three additional restaurants in 2011. We typically maintain current liabilities in excess of our current assets which results in a working capital deficit. We are able to operate with a substantial working capital deficit because restaurant sales are primarily conducted on a cash basis. Rapid turnover results in limited investment in inventories, and cash from sales is usually received before related accounts payable for food, supplies and payroll become due.

Credit Facility. On May 6, 2011, the Company amended and restated its existing credit facility to provide a more flexible capital structure and facilitate its growth plans. Borrowings under the amended credit agreement may be used by the Company for general corporate purposes including, among other uses, to repurchase shares of its capital stock, to continue to finance restaurant construction, and for working capital and general corporate requirements. The amended credit facility is comprised of (i) a $100 million revolving credit facility maturing on May 6, 2016 and (ii) a $150 million term loan maturing on May 6, 2016, both with rates based on the London Interbank Offered Rate (LIBOR) plus a spread based on leverage or base rate plus a spread based on leverage (base rate is the highest of (a) the Prime Rate, (b) the Federal Funds Rate plus 0.50% and (c) LIBOR for an Interest Period of one month plus 1%). The amended credit agreement also allows the Company, subject to lender participation, to increase the revolving credit facility or term loan by up to an additional $100 million in the future. As part of the amended credit agreement, the Company may also request the issuance of up to $20 million in letters of credit, the outstanding amount of which reduces the net borrowing capacity under the revolving credit facility. The amended credit agreement requires the payment of an annual commitment fee based upon the unused portion of the credit facility. The credit facility's interest rates and the annual commitment rate are based on a financial leverage ratio, as defined in the credit agreement. The Company's obligations under the amended credit agreement are secured by first priority liens and security interests in substantially all of the assets of the Company, which includes the capital stock of certain subsidiaries of the Company. Additionally, the amended credit agreement includes a negative pledge on all tangible and intangible assets (including all real and personal property) with customary exceptions.

With regard to the term loan facility, we are required to repay the principal amount of the term loan in consecutive quarterly installments which began June 30, 2011, and end on the maturity date of the term loan. At October 2, 2011, we had $146.3 million of borrowings outstanding under our term loan, and $6.6 million of letters of credit outstanding under our revolving credit facility. There were no borrowings on the revolving facility. Loan origination costs associated with the credit facility and the net outstanding balance of costs related to the original and subsequent amendments to the credit facility are $3.4 million and are included as deferred costs in other assets, net in the accompanying consolidated balance sheet as of October 2, 2011.

In August 2011, the Company entered into a variable-to-fixed interest rate swap agreement with Rabobank to hedge the Company's floating interest rate on half of the remaining term loan that is currently outstanding under the Company's amended and restated credit facility. Rabobank is rated AAA by Standard & Poor's. The interest rate swap has an effective date of August 5, 2011, and $0.9 million of the initial $74.1 million expired on September 30, 2011, in accordance with its original terms. The notional amount of the hedge will decrease quarterly based on the remaining required principal term loan payments, and will expire on June 30, 2015 with a notional hedge amount of $50.6 million. The Company is required to make payments based on a fixed interest rate of 1.135% calculated based on the remaining notional amount, which is half of the outstanding term loan. In exchange, the Company receives interest on the notional amount at a variable rate that was based on the 3-month LIBOR rate.

Covenants. We are subject to a number of customary covenants under our credit agreement, including limitations on additional borrowings, acquisitions, stock repurchases, sales of assets, and dividend payments. In addition, we are required to maintain two financial ratios: a leverage ratio calculated by dividing as our debt outstanding including issued standby letters of credit by the last twelve months' earnings before interest, taxes, depreciation and amortization (EBITDA) adjusted for certain non-cash charges that will not result in cash payments in a subsequent period, any prepayment penalties incurred as a result of extraordinary debt extinguishment, certain pre-opening costs, unusual or non-recurring cash losses, net proceeds received from business interruption insurance, pro forma costs savings in connection with an acquisition, divestiture, restructuring or reorganization occurring prior to the time that Consolidated EBITDA is to be determined, cash or non-cash charges related to restructuring or cost reduction initiatives in an aggregate amount not to exceed a certain threshold, and non-cash gains and non-recurring or unusual cash gains for such period; and a fixed charge ratio calculated as our consolidated cash flow divided by our consolidated debt service obligations. As of October 2, 2011, we were in compliance with all covenants under our amended credit agreement.

Inflation

The primary inflationary factors affecting our operations are food, labor costs, energy costs, and materials used in the construction of new restaurants. A large number of our restaurant personnel are paid at rates based on the applicable minimum wage, and historically increases in the minimum wage have directly affected our labor costs. Also, many of our leases require us to pay

taxes, maintenance, repairs, insurance, and utilities, all of which are generally affected by cost inflation. We believe that inflation had a material negative effect on our financial condition and results during the third quarter of 2011, due primarily to increased food costs. Uncertainties related to fluctuations in costs, including energy costs, commodity prices, annual indexed wage increases and construction materials make it difficult to predict what effect, if any, continued inflation may have on our business during 2011 or 2012. We expect commodity and wage inflation to continue to negatively affect our cost of goods and operating costs for the remainder of 2011 and 2012.

Seasonality

Our business is subject to seasonal fluctuations. Historically, sales in most of our restaurants have been higher during the summer months and winter holiday season. Our quarterly and annual operating results and comparable restaurant sales may fluctuate significantly as a result of seasonality and other factors. Accordingly, results for any one quarter are not necessarily indicative of results to be expected for any other quarter or for any year and comparable restaurant sales for any particular future period may decrease.

Off Balance Sheet Arrangements

Except for operating leases (primarily restaurant ground and building leases), we do not have any material off balance sheet arrangements.

Critical Accounting Policies and Estimates

Critical accounting policies and estimates are those that we believe are both significant and that require us to make difficult, subjective or complex judgments, often because we need to estimate the effect of inherently uncertain matters. We base our estimates and judgments on historical experiences and various other factors that we believe to be appropriate under the circumstances. Actual results may differ from these estimates, including our estimates of future restaurant level cash flows, which are subject to the current economic environment, and we might obtain different results if we used different assumptions or conditions. We had no significant changes in our critical accounting policies and estimates since our last annual report. Our critical accounting estimates are contained in our annual report on Form 10-K for the year ended December 26, 2010.

Recent Accounting Pronouncements

In June 2011, the FASB finalized guidance on the Presentation of Comprehensive Income, which revises the manner in which entities present comprehensive income in their financial statements. The new guidance removes the presentation options and requires entities to report components of comprehensive income in either (1) a continuous statement of comprehensive income or (2) two separate but consecutive statements. Under the two-statement approach, the first statement would include components of net income, which is consistent with the income statement format used today, and the second statement would include components of other comprehensive income (OCI). This guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2011.

In September 2011, the FASB finalized guidance on Testing Goodwill for Impairment. The new guidance simplifies how entities test goodwill for impairment and permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. This guidance is effective for fiscal years beginning after December 15, 2011.

Forward-Looking Statements

Certain information and statements contained in this report are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the “PSLRA Act”) codified at Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. This statement is included for purposes of complying with the safe harbor provisions of that PSLRA Act. All forward-looking statements included in this Form 10-Q 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 such date. 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. Such statements include, without limitation, statements that reflect the Company’s current expectations with respect to the financial condition, results of operations, plans, objectives, future performance and business of the Company. These statements may be identified, without limitation, by the use of forward-looking terminology such as “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “plan,” “project,” “may,” “will,” “would” or comparable and similar terms or the negative thereof. Certain forward-looking statements are included in this Form 10-Q, principally in the sections

captioned “Financial Statements” and “Management’s Discussion and Analysis”. These statements are based on assumptions believed by us to be reasonable, and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those described in the statements. These risks and uncertainties are summarized as follows: our business objectives and plans, including the strength of our long-term growth and profit, expense management and capital deployment opportunities; our strategies and initiatives, including Project RED and its objectives; our ability to open and operate additional restaurants in both new and existing markets profitably; the anticipated number of new restaurants and the timing of such openings; estimated costs of opening and operating new restaurants, including general and administrative, marketing and franchise development costs; expected future revenues and earnings; comparable and non-comparable restaurant sales; results of operations; and future restaurant growth (both company-owned and franchised); anticipated restaurant operating costs, including commodity and food prices, labor and energy costs and selling, general and administrative expenses and ability to reduce overhead costs and improve efficiencies; anticipated advertising costs, the success of our advertising and marketing activities and tactics, including our Red Royaltyä program and the effect on revenue and guest counts; our ability to attract new guests and retain loyal guests, and our new initiatives targeted at adult guests; any future price increases, and their effect on our revenue and profit; future capital deployment strategies, including potential share repurchases, capital requirements for new restaurant development, working capital requirements and other anticipated expenditures; our expectation that we will have adequate cash from operations and credit facility borrowings to reduce our debt and to meet all future debt service; anticipated compliance with debt covenants; the sufficiency of the supply of commodities and labor pool to carry on our business; anticipated restaurant closings and related impairment charges; anticipated interest and tax expense; the effect of the adoption of new accounting standards on our financial and accounting systems and analysis programs; expectations regarding competition and our competitive advantages; expectations regarding consumer preferences and consumer discretionary spending; and other risk factors described from time to time in our SEC reports, including the Company's most recent Annual Report on Form 10-K for the fiscal year ended December 26, 2010 filed with the SEC on February 25, 2011.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Under our current credit agreement, we were exposed to market risk from changes in interest rates on borrowings, which bear interest at one of the following rates we select: an Alternate Base Rate ("ABR"), based on the Prime Rate plus 1.25% to 2.00%, or a LIBOR, based on the relevant one, three or six-month LIBOR, at our discretion, plus 2.25% to 3.00%. The spread, or margin, for ABR and LIBOR loans under the credit agreement is subject to quarterly adjustment based on our then current leverage ratio, as defined by the credit agreement. As of October 2, 2011, we had $73.1 million of borrowings subject to variable interest rates. A plus or minus 1.0% change in the effective interest rate applied to these loans would have resulted in pre-tax interest expense fluctuation of $731,000 on an annualized basis.

Our objective in managing exposure to interest rate changes is to limit the effect of interest rate changes on earnings and cash flows and to lower overall borrowing costs. To achieve this objective, we have used an interest rate swap and may use other means such as caps to manage our net exposure to interest rate changes related to our borrowings. As appropriate, on the date derivative contracts are entered into, we designate derivatives as either a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment (fair value hedge), or a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge).

In August 2011, the Company entered into a variable-to-fixed interest rate swap agreement with Rabobank to hedge the Company's floating interest rate on half of the remaining term loan that is currently outstanding under the Company's amended and restated credit facility. The interest rate swap has an effective date of August 5, 2011, and $1 million of the initial $74.1 million expired on September 30, 2011, in accordance with its original terms. The notional amount of the hedge will decrease quarterly based on the remaining required principal term loan payments, and will expire on June 30, 2015 with a notional hedge amount of $50.6 million. The Company is required to make payments based on a fixed interest rate of 1.135% calculated based on the remaining notional amount, which is half of the outstanding term loan. In exchange, the Company receives interest the notional amount at a variable rate that was based on the 3-month LIBOR rate. This hedge is highly effective and there were no gains or losses related to hedge ineffectiveness recognized in earnings during the three quarters ended October 2, 2011. As of October 2, 2011, the $214,000 unrealized gain, net of taxes, on the cash flow hedging instrument is reported in accumulated other comprehensive (loss). Refer to Note 8, *Derivative and Other Comprehensive Income*, of Notes to Consolidated Financial Statements of this report.

Primarily all of our transactions are conducted, and our accounts are denominated, in United States dollars. Accordingly, we are not exposed to significant foreign currency risk.

Many of the food products purchased by us are affected by changes in weather, production, availability, seasonality and other factors outside our control. In an effort to control some of this risk, we have entered into some fixed price product purchase commitments some of which exclude fuel surcharges and other fees. In addition, we believe that almost all of our food and supplies are available from several sources, which helps to control food commodity risks.

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Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the management of Red Robin Gourmet Burgers, Inc. (Management), including the Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, Management recognizes that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives. As a result, the Company's CEO and CFO have concluded that, based upon the evaluation of disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) under the Exchange Act), the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting

The Company's Management, with the participation of the CEO and CFO, have evaluated whether any change in the Company's internal control over financial reporting occurred during the fiscal quarter ended October 2, 2011. Based on that evaluation, Management concluded that there has been no change in the Company's internal control over financial reporting during the fiscal quarter ended October 2, 2011, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

On June 20, 2011, the Company was served with a purported wage and hour class action lawsuit,*Kevin McConnell v. Red Robin International, Inc.* The lawsuit was filed in United States District Court in the Northern District of California in the San Francisco division. Red Robin filed its Answer on July 11, 2011. The claims are 1) failure to provide meal and rest periods; 2) failure to compensate employees for all hours worked; 3) failure to furnish wage and hour statements; 4) failure to maintain employee time records; 5) unfair competition; 6) waiting time penalties and 7) claims under the Private Attorney General Act. Plaintiff is seeking class certification, general and punitive damages, restitution for unlawful business practices, waiting time and other penalties under the Labor Code, pre- and post- judgment interest, attorneys' fees and costs. Although we plan to vigorously defend against this suit, we cannot predict the outcome of this lawsuit or whether we may be required to pay damages, settlement costs, legal costs or other amounts that may not be covered by insurance.

In December 2009, the Company was served with a purported class action lawsuit, *Marcos R. Moreno v. Red Robin International, Inc.* The case was filed in Superior Court in Ventura County, California and has been removed to Federal District Court for the Central District of California under the Class Action Fairness Act of 2005 ("CAFA"). Red Robin filed its Answer and Affirmative Defenses on February 10, 2010. The lawsuit alleges failure to pay wages and overtime, failure to provide rest and meal breaks or to pay compensation in lieu of such breaks, failure to pay timely wages on termination, failure to provide accurate wage statements, and unlawful business practices and unfair competition. Plaintiff is seeking compensatory and special damages, restitution for unfair competition, premium pay, penalties and wages under the Labor Code, and attorneys' fees, interest and costs. On March 24, 2010, the Court granted a stay of the case pending the outcome of a California case currently before the California Supreme Court for review. That case involves similar allegations regarding rest and meal breaks. It is anticipated that the California Supreme Court will provide useful guidance on rest and meal breaks when the opinion in that case is issued. We believe the *Moreno* suit is without merit. Although we plan to vigorously defend against this suit, we cannot predict the outcome of this lawsuit or whether we may be required to pay damages, settlement costs, legal costs or other amounts that may not be covered by insurance.

In the normal course of business, there are various other claims in process, matters in litigation and other contingencies. These include claims resulting from employment related claims and claims from guests or team members alleging illness, injury or other food quality, health or operational concerns. To date, no claims of these types of litigation, certain of which are covered by insurance policies, have had a material effect on us. While it is not possible to predict the outcome of these other suits, legal proceedings and claims with certainty, management is of the opinion that adequate provision for potential losses associated with these other matters has been made in the financial statements and that the ultimate resolution of these other matters will not have a material adverse effect on our financial position and results of operations.

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Item 1A. Risk Factors

A description of the risk factors associated with our business is contained in Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the fiscal year ended December 26, 2010 filed with the SEC on February 25, 2011, as supplemented by Item 1A, "Risk Factors," of our Quarterly Report on Form 10-Q for the quarter ended July 10, 2011 filed with the SEC on August 12, 2011.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the fiscal quarter ended October 2, 2011, the Company did not have any sales of securities in transactions that were not registered under the Securities Act of 1933, as amended, that have not been reported in a Form 8-K. The table below provides a summary of the Company's purchases of its own common stock during third quarter 2011.

Date	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (1)
July 11 - August 7, 2011	122,277	$ 34.81	544,807	$ 35,365,999
August 8 - Septermber 4, 2011	265,641	30.23	810,448	27,335,792
September 5 - October 2, 2011	293,548	27.25	1,103,996	19,335,954
Total	681,466			

(1) In August 2010, the Company's board of directors re-authorized a repurchase of up to $50.0 million of the Company's equity securities. Under this authorization, repurchases of our common stock may be made from time to time in open market transactions and through privately negotiated transactions through December 31, 2011. This authorization may be further modified, suspended or terminated at any time. The timing and number of shares repurchased pursuant to the share repurchase authorization will be subject to a number of factors, including current market conditions, legal constraints and available cash or other sources of funding. As of October 2, 2011, the Company purchased 1,103,996 shares under the plan for a total of $30.7 million. Subsequent to the close of the third quarter 2011, the Company's board of directors re-authorized a repurchase of up to $50.0 million of the Company's common stock, which includes the balance of the previous authorization, and which will expire on December 31, 2012.

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Item 6. Exhibits

Exhibit Number	Description
10.1	Employment Agreement by and between Red Robin Gourmet Burgers, Inc. and Denny Marie Post, dated August 1, 2011. Incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 12, 2011.
10.2	Employment Agreement by and between Red Robin Gourmet Burgers, Inc. and Stuart B. Brown, dated August 10, 2011.
10.3	Form of Indemnification Agreement entered into by and between Red Robin Gourmet Burgers, Inc. and each of our directors and certain executive officers. Incorporated herein by reference to Exhibit 10.20 to Amendment No. 3 of the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on July 12, 2002 (Registration No. 333-87044).
10.4	Separation Agreement by and between Red Robin Gourmet Burgers, Inc. and Susan Lintonsmith, dated August 9, 2011. Incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 12, 2011.
10.5	Form of Red Robin Gourmet Burgers, Inc. Performance Based Cash Award Agreement
31.1	Rule 13a-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer
101	The following financial information from the Quarterly Report on Form 10-Q of Red Robin Gourmet Burgers, Inc. for the quarter ended October 2, 2011, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at October 2, 2011 and December 26, 2010; (ii) Condensed Consolidated Statements of Operations for the twelve and forty weeks ended October 2, 2011 and October 3, 2010; (iii) Condensed Consolidated Statements of Cash Flows for the forty weeks ended October 2, 2011 and October 3, 2010; and (iv) the Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.*

* Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

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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 thereunto duly authorized.

Red Robin Gourmet Burgers, Inc.

November 4, 2011	/s/ Stuart B. Brown
(Date)	Stuart B. Brown Chief Financial Officer

Exhibit 10.2

Execution Copy

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") is made as of this 10th day of August, 2011 (the "Agreement Date"), by and between RED ROBIN GOURMET BURGERS, INC., a Delaware corporation (the "Company"), and Stuart Brown ("Executive").

RECITAL

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 12, 2011, 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"). Executive and the Company acknowledge that, except as may otherwise be provided by this Agreement or under any other written agreement between Executive and the Company, the employment of Executive by the Company and RRI is "at will" and Executive's employment may be terminated by either Executive or the Company at any time for any reason, or no reason. 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 Financial Officer of the Company, with such duties and responsibilities that are customary for public company chief financial officer positions. In addition, the Chief Executive Officer may assign Executive such duties and responsibilities that are not substantially inconsistent with his position as Chief Financial Officer of the Company.

(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 performing personal and charitable activities and any other activities approved by the Board, so long as such activities do not materially and adversely interfere with Executive's duties for the Company and are in compliance with the Company's policies. Executive shall perform his services at the Company's headquarters, presently located in Greenwood Village, Colorado. Executive shall

use his best efforts to carry out his responsibilities under this Agreement faithfully and efficiently.

3. Compensation.

(a) Base Salary. During the Employment Period, Executive shall receive from the Company an annual base salary ("Annual Base Salary") at the rate of $350,000.00, with such salary to be adjusted at such times, if any, and in such amounts as recommended by the Chief Executive Officer and approved by the Board or a committee thereof; 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 by the Chief Executive Officer and 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.

(b) Signing Bonus/Grant. Executive shall receive the following:

(i) Within fifteen (15) days following the Effective Date, the Company shall pay Executive a cash signing bonus in an amount of $160,000.00 (the "Cash Bonus").

(ii) Pursuant to the Company's Second Amended and Restated 2007 Performance Incentive Plan (the "Plan") and an award agreement to be issued thereunder, on the Effective Date, the Company shall grant to Executive time-vested restricted stock units (the "Restricted Stock Bonus") having a grant date target value of $600,000.00 which shall vest 33.33% on each of the first, second and third anniversaries of the date of grant; provided, however, 50% of the Restricted Stock Bonus shall vest upon a termination of Executive's employment by the Company without Cause, or by Executive for Good Reason, or upon Executive's Death or Disability, if any such event occurs prior to eighteen months from the Effective Date.

(iii) If Executive terminates his employment without Good Reason or is terminated by the Company for Cause prior to the first anniversary of the Effective Date, Executive shall be required to repay the Company the gross amount of the Cash Bonus ($160,000.00) within thirty (30) days of the termination date.

(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 70% of Executive's Annual Base Salary (as prorated for partial years determined on the basis on the number of days

during which Executive served the Company during the applicable fiscal year). 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 sole discretion. The Annual Bonus shall be paid no later than 2½ months following the end of the fiscal year to which the Annual Bonus relates.

(d) Equity Awards.

(i) On the Effective Date, Executive will receive equity awards pursuant to the Plan and applicable award agreements to be issued thereunder as follows: (i) a non-qualified stock option having a grant date fair value of $140,000, which shall vest as follows: (A) 25% on the one-year anniversary of the Effective Date; and (B) thereafter in equal monthly installments over the following three years; (ii) time-vested restricted stock units having a grant date target value of $70,000, of which 25% shall vest on each of the first, second, third and fourth anniversaries of the Effective Date; and (iii) a long-term incentive cash award with a target payout amount of $140,000, which shall be earned based on the Company's attainment of EBITDA and ROIC performance objectives.

(ii) 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 be made by the Compensation Committee in its sole discretion. For each fiscal year during the Employment Period, the annual equity award shall be targeted at not less than 100% of Executive's Annual Base Salary. All annual equity awards granted to Executive shall be contingent on the attainment of certain performance criteria established with respect to such award by the Board and the Compensation Committee in their sole discretion.

(e) Other Benefits.

(i) Welfare and Benefit Plans. During the Employment Period: (A) 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 (B) 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, vision, 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) Vacation. Executive shall be entitled to no less than four (4) weeks of paid vacation and/or paid time off per calendar year (as prorated for partial years) in accordance with the Company's policies on accrual and use applicable to executive officers as in effect from time to time.

(iv) Car Allowance. During the Employment Period, Executive shall be paid a monthly car allowance in the gross amount of $850.00, payable in bi-weekly installments, subject to appropriate withholding.

(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), (ii) and (iii) 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 and all associated rights and benefits 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.

(c) By the Company without Cause. The Company may terminate Executive's employment at any time without Cause.

(d) By Executive for Good Reason. Executive may terminate his employment for Good Reason subject to the notice and cure provisions set forth in the definition thereof.

(e) Change in Control Termination. Executive's employment may be terminated by the Company in a "Change in Control Termination." For purposes of this Agreement, a "Change in Control Termination" shall mean Executive's employment with the Company is involuntarily terminated for a reason other than Cause or Executive voluntary terminates for Good Reason on or within twenty-four (24) months following a Change in Control Event (defined below).

(f) Obligations of the Company Upon Termination.

(i) Death; Disability; For Cause; Resignation without Good Reason. If Executive's employment is terminated by reason of Executive's Death or Disability or by the Company for Cause or Executive resigns without Good Reason, this Agreement shall terminate without further obligations to Executive or his legal representatives under this Agreement, other than for (A) payment of the sum of (1) Executive's Annual Base Salary through the date of termination to the extent not theretofore paid, and (2) any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1) and (2) shall be hereinafter referred to as the "Accrued Obligations"), which Accrued Obligations shall be paid to Executive or his estate or beneficiary, as applicable, in a lump sum in cash within thirty (30) days of the effective date of termination; (B) payment to Executive or his estate or beneficiary, as applicable, of any amounts due pursuant to the terms of any applicable employee benefit plans; and (C) payment to Executive or his estate or beneficiary, as applicable, 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.

(ii) Change in Control Termination. If Executive's employment terminates in a Change in Control Termination, this Agreement shall terminate without further obligations to Executive other than:

(A) payment of (1) Accrued Obligations through the effective date of termination in a lump sum in cash within thirty (30) days of the effective date of termination, 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) continued payment of Executive's Annual Base Salary as in effect immediately prior to the date of termination but ignoring any decrease in Executive's Annual Base Salary that forms the basis for Good Reason (such payments to be made in accordance with the Company's normal payroll practices) for a period consisting of twelve (12) months following the effective date of termination (the "Severance Period"), with payments to begin on the first paydate following the Executive's execution of the general release described in the flush language below and the expiration of any related revocation period, and with the first of such payments to include any regularly scheduled payments that were missed pending Executive's execution of the general release and expiration of the related revocation period;

(C) payment of an amount equal to the Annual Bonus amount earned by Executive for performance in the last completed fiscal year 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; 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 similar state law, for Executive and his spouse (if so elected) under the Company's and RRI's then existing medical, dental and prescription insurance plans for a period equal to the lesser of (i) the duration of such coverage or (ii) twelve (12) 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 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)(ii) (other than payment of the Accrued Obligations and the Annual Bonus under Section 4(f)(ii)(A)(2) of this Agreement), Executive shall first execute and deliver to the Company and RRI a general release agreement substantially in the form attached hereto as Exhibit A, and all rights of Executive thereunder or under applicable law to rescind or revoke the release shall have expired no later than the forty-five (45) days after the date of termination. If Executive fails to timely execute the general release, all payments and benefits set forth in this Section 4(f)(ii) (other than the payment of the Accrued Obligations and the Annual Bonus under Section 4(f)(ii)(A)(2) of this Agreement) shall be forfeited.

(iii) By the Company without Cause or by Executive for Good Reason. If the Company terminates Executive's employment for any reason other than for Cause or Executive terminates his employment for Good Reason (in either case other than in a Change in Control Termination), this Agreement shall terminate without further obligations to Executive other than:

(A) payment of (1) Accrued Obligations through the effective date of termination in a lump sum in cash within thirty (30) days of the effective date of termination, 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) continued payment of Executive's Annual Base Salary as in effect immediately prior to the date of termination but ignoring any decrease in Executive's Annual Base Salary that forms the basis for Good Reason (such payments to be made in accordance with the Company's normal payroll practices) for a period consisting of twelve (12) months following the effective date of termination (the "Severance Period"), with payments to begin on the first paydate following the Executive's execution of the general release described in the flush language below and the expiration of any related revocation period, and with the first of such payments to include any regularly scheduled payments that were

missed pending Executive's execution of the general release and expiration of the related revocation period;

(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 COBRA or similar state law, for Executive and his spouse (if so elected) under the Company's and RRI's then existing medical, dental and prescription insurance plans for a period equal to the lesser of (i) the duration of such coverage or (ii) twelve (12) 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 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 and the Annual Bonus under Section 4(f)(iii)(A)(2) of this Agreement), Executive shall first execute and deliver to the Company and RRI a general release agreement substantially in the form attached hereto as Exhibit A, and all rights of Executive thereunder or under applicable law to rescind or revoke the release shall have expired no later than the forty-five (45) days after the date of termination. If Executive fails to timely execute the general release, all payments and benefits set forth in this Section 4(f)(iii) (other than the payment of the Accrued Obligations and the Annual Bonus under Section 4(f)(iii)(A)(2) of this Agreement) shall be forfeited.

(iv) Exclusive Remedy. Executive agrees that payments made pursuant to 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. The foregoing shall not limit any of Executive's rights with regard to equity or incentives (which shall be controlled by the relevant

plan and grants) or any rights to indemnification, advancement or payment of legal fees and costs, and coverage under directors and officers liability insurance.

(v) Termination of Payments. Anything in this Agreement to the contrary notwithstanding, the Company shall have the right to terminate all payments and benefits owing to Executive pursuant to this Section 4(f) upon the Company's discovery of any material breach by Executive of his obligations under the general release or Sections 5, 6, 7 and 8 of this Agreement.

(g) Survival of Certain Obligations Following Termination. Notwithstanding any other provision contained in this Agreement, the provisions in Sections 5 through 11 and 13 through 21 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. 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, for the period commencing on the Agreement Date and ending twelve (12) months after the date of termination of Executive's employment as Chief Financial Officer (the "Restrictive Period"), Executive shall not, in the state of Colorado, 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, in the reasonable judgment of the Board, competes with the Company and its subsidiaries in the burger focused restaurant business (a "Competitive Activity"). In making its judgment as to whether any business is engaged in a Competitive Activity, the Board shall act in good faith, and shall first provide Executive with a reasonable opportunity to present such information as Executive may desire for the Board's consideration. 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 (a "Public Company").

7. No Interference. During the Restrictive Period, Executive shall not, without the prior written approval of the Company, directly or indirectly through any other Person (a) induce or attempt to induce any employee of the Company or RRI at the level of Director 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, (b) hire any Person who was an employee of the Company or RRI at the level of Director or higher within twelve months after such Person's employment with the Company or RRI was terminated for any reason or (c) 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 between any such supplier or business relation and the Company or RRI.

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 (a) the property of the Company or any of its subsidiaries, and (b) 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.

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.

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 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.

12. Stock Ownership Requirement. While employed by the Company, Executive shall be expected to maintain ownership of Company stock in accordance with guidelines established by the Compensation Committee from time to time. In the event Executive is unable to meet the applicable 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.

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

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

(i) Executive's continual or deliberate neglect in the performance of his material duties;

(ii) Executive's 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 failure to follow the lawful directives of the Board in any material respect;

(iv) Executive's engaging 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 policy or of any code or standard of behavior or conduct generally applicable to employees of the Company or its subsidiaries;

(vi) Executive's breach of the material provisions of this Agreement or any other non-competition, non-interference, non-disclosure, confidentiality or other similar agreement executed by Executive with the Company or any of its subsidiaries or other act of disloyalty to the Company or any of its subsidiaries (including, without limitation, aiding a competitor or unauthorized disclosure of confidential information); or

(vii) Executive's engaging in conduct which is reasonably likely to result in material injury to the reputation of the Company or any of its subsidiaries, including, without limitation, commission of a felony, fraud, embezzlement or other crime involving moral turpitude;

provided, 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, the following acquisitions shall not constitute a Change in Control Event; (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) 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, or (D) any acquisition by any entity pursuant to a transaction that complies with subsections (iii)(A), (B) and (C) below;

(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 her 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;

(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.

"Disability" means a physical or mental impairment which substantially limits a major life activity of Executive and which renders Executive unable to perform the essential functions of his position, even with reasonable accommodation which does not impose an undue hardship on the Company. The Company reserves the right, in good faith, to make the determination of disability under this Agreement based upon information supplied by Executive and/or his medical personnel, as well as information from medical personnel (or others) selected by the Company or its insurers.

"Good Reason" shall mean the occurrence, without Executive's express written consent, of: (i) a reduction in Executive's compensation other than as permitted pursuant to Section 3 hereof; (ii) a relocation of the Company's headquarters to a location more than twenty (20) miles from the location of the Company's headquarters prior to such relocation; (iii) any willful breach by the Company of any material provision of this Agreement; or (iv) a significant reduction in the then-effective responsibilities of the Chief Financial Officer; provided that Executive gives written notice to the Company of the existence of such a condition within ninety (90) days of the initial existence of the condition, the Company has at least thirty (30) days from the date when such notice is provided to cure the condition without being required to make payments due to termination by the Company for Good Reason, and the Executive actually terminates his employment for Good Reason within six (6) months of the initial occurrence of any of the conditions in (i) — (iv), above.

14. 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 or common law claims,

shall be submitted to arbitration in Denver, Colorado, before a sole arbitrator selected from Judicial Arbiter 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. 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, and under no circumstances shall class claims be processed or participated in by Executive. The parties agree that Company shall be responsible for payment of the forum costs of any arbitration hereunder, including the Arbitrator's fee. Executive and the Company further agree that in any proceeding to enforce the terms of this Agreement, the prevailing party shall be entitled to its or his reasonable attorneys' fees and costs incurred by it or him in connection with resolution of the dispute in addition to any other relief granted.

15. 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 party shall submit to the venue and personal jurisdiction of the Colorado state and federal courts concerning any dispute for which judicial redress is permitted pursuant to this Agreement; however the Company is not limited in seeking relief in those courts.

16. Taxes.

(a) Except as otherwise provided in Section 20, and to the extent specifically provided in Section 17, Executive shall be solely liable for Executive's tax consequences of compensation and benefits payable under this Agreement, including any consequences of the application of Section 409A of the Code.

(b) 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.

17. Section 409A Savings Clause.

(a) It is the intention of the parties that compensation or benefits payable under this Agreement not be subject to the additional tax imposed pursuant to Section 409A of the Code. To the extent such potential payments or benefits could become subject to additional

tax under such Section, the parties shall cooperate to amend this Agreement with the goal of giving Executive the economic benefits described herein in a manner that does not result in such tax being imposed.

(b) Each payment or benefit made pursuant to Section 4(f) of this Agreement shall be deemed to be a separate payment for purposes of 409A. In addition, payments or benefits pursuant to Section 4(f) shall be exempt from the requirements of Code Section 409A to the maximum extent possible as "short-term deferrals" pursuant to Treasury Regulation Section 1.409A-1(b)(4), as involuntary separation pay pursuant to Treasury Regulation Section 1.409A-1(b)(9)(iii), as exempt reimbursements under Treasury Regulation Section 1.409A-1(b)(9)(v), and/or under any other exemption that may be applicable, and this Agreement shall be construed accordingly.

(c) For purposes of this Agreement, phrases such as "termination of employment" shall be deemed to mean "separation from service," as defined in Section 409A of the Code and the Treasury Regulations thereunder. For clarity, if Executive terminates employment but does not incur a "separation from service" under Code Section 409A, and the Company does not pay any severance pay or benefits to Executive at the time of his termination to comply with Section 409A, such severance pay and benefits will be paid at such time as Executive incurs a "separation from service" under Section 409A of the Code and the Treasury Regulations thereunder.

(d) If 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 17(d), 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 (i) 6 months after Executive's "separation from service," or (ii) Executive's death.

(e) All taxable reimbursements provided hereunder that are deferred compensation subjet to the requirements of Code Section 409A shall be made not later than the calendar year following the calendar year in which the expense was incurred. Any such taxable reimbursements or any taxable in-kind benefits provided in one calendar year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year.

18. 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.

19. 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.

20. 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, 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 20. 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 20, including whether and when a Payment is cut back pursuant to Section 20(a) and the amount of such cut-back, and the assumptions to be utilized in arriving at such determination, shall be made by a professional services firm designated by the Board that is experienced in performing calculations under Section 280G (the "Professional Services Firm") which shall provide detailed supporting calculations both to the Company and Executive. If the Professional Services Firm is serving as accountant or auditor for the individual, entity or group effecting the Section 280G Transaction, the Board shall appoint another qualified professional services firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Professional Services Firm hereunder). All fees and expenses of the Professional Services Firm shall be borne solely by the Company.

(c) In the event that a reduction in Payments is required pursuant to this Section, then, except as provided below with respect to Payments that consist of health and welfare benefits, the reduction in Payments shall be implemented by determining the "Parachute Payment Ratio" (as defined below) for each Payment and then reducing the Payments in order beginning with the Payment with the highest Parachute Payment Ratio. For Payments with the same Parachute Payment Ratio, such Payments shall be reduced based on the time of payment of such Payments, with amounts being paid furthest in the future being reduced first. For Payments with the same Parachute Payment Ratio and the same time of payment, such Payments shall be

reduced on a pro-rata basis (but not below zero) prior to reducing Payments next in order for reduction. For purposes of this Section, "Parachute Payment Ratio" shall mean a fraction, the numerator of which is the value of the applicable Payment as determined for purposes of Code Section 280G, and the denominator of which is the financial present value of such Parachute Payment, determined at the date such payment is treated as made for purposes of Code Section 280G (the "Valuation Date"). In determining the denominator for purposes of the preceding sentence (1) present values shall be determined using the same discount rate that applies for purposes of discounting payments under Code Section 280G; (2) the financial value of payments shall be determined generally under Q&A 12, 13 and 14 of Treasury Regulation 1.280G-1; and (3) other reasonable valuation assumptions as determined by the Company shall be used. Notwithstanding the foregoing, Payments that consist of health and welfare benefits shall be reduced after all other Payments, with health and welfare Payments being made furthest in the future being reduced first. Upon any assertion by the Internal Revenue Service that any such Payment is subject to the Excise Tax, Executive shall be obligated to return to the Company any portion of the Payment determined by the Professional Services Firm to be necessary to appropriately reduce the Payment so as to avoid any such Excise Tax.

21. Miscellaneous.

(a) 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.

(b) Notices. All notices required to be given hereunder shall be in writing and shall be deemed to have been given if (i) delivered personally or by documented courier or delivery service, (ii) transmitted by facsimile during normal business hours or (iii) mailed by registered or certified mail (return receipt requested and postage prepaid) to the following listed persons at the addresses and facsimile numbers specified below, or to such other persons, addresses or facsimile numbers as a party entitled to notice shall give, in the manner hereinabove described, to the others entitled to notice:

If to the Company, to:

Red Robin Gourmet Burgers, Inc.
6312 South Fiddler's Green Circle, Suite 200N
Greenwood Village, CO 80111
Attention: Chief Executive Officer and Chief Legal Officer
Facsimile No.: 303-846-6048

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:

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

If given personally or by documented courier or delivery service, or transmitted by facsimile, a notice shall be deemed to have been given when it is received. If given by mail, it shall be deemed to have been given on the third business day following the day on which it was posted.

(c) 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

(d) 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.

(e) 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.

(f) 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.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

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

EXECUTIVE:

/s/ Stuart Brown
Stuart Brown

Exhibit 10.5

RED ROBIN GOURMET BURGERS, INC.
SECOND AMENDED AND RESTATED
2007 PERFORMANCE INCENTIVE PLAN

FORM OF
PERFORMANCE BASED CASH AWARD AGREEMENT

This Performance Based Cash Award Agreement (this "Agreement") between RED ROBIN GOURMET BURGERS, INC. (the "Corporation") and [   ] ("Participant") is dated effective [   ] (the "Date of Grant").

AGREEMENT

1. Award. Subject to the terms and conditions hereof and of the Red Robin Gourmet Burgers, Inc. Second Amended and Restated 2007 Performance Incentive Plan (the "Plan"), the Corporation hereby grants to Participant the right to earn a cash bonus (the "Award") based upon the Corporation's achievement of certain performance goals over the three fiscal year period commencing on December 27, 2010 and ending on December 29, 2013 (the "Performance Period"). The target amount of Participant's Award shall be $[   ] ("Target Award"). The actual amount of the Award, if any, shall be determined pursuant to Sections 2 through 4 below and may be greater than, equal to, or less than the Target Award based on the Corporation's performance during the Performance Period. Except as provided below, Participant must be employed continuously in the position of General Manager or above from the date hereof through the last day of the Performance Period in order to receive any payment hereunder.

2. Calculation of Award Amount. The amount of Participant's Award, if any, shall be determined based on the Corporation's performance over the Performance Period as measured by the following two metrics: Cumulative EBITDA (as defined below) and Average Return on Invested Capital (also defined below). One half of the Target Award shall be assigned to each performance metric, and the amount earned as a result of each metric shall be calculated separately, in accordance with the table below. The total Award amount, if any, shall be the sum of the amounts earned in respect of each performance metric.

Cumulative EBITDA Amount earned in respect of this metric shall equal: (Target Award * 1/2 * EBIDTA % Payout)			**Average Return on Invested Capital Amount earned in respect of this metric shall equal: (Target Award * 1/2 * ROIC % Payout)**		
	Cumulative EBITDA for the Performance Period as a Percentage of Target	**EBITDA % Payout ***		**Average Return on Invested Capital for the Performance Period as a Percentage of Target**	**ROIC % Payout ***
Threshold	90.0%	50.0%	**Threshold**	85.0%	50.0%
	92.0%	60.0%		88.0%	60.0%
	94.0%	70.0%		91.0%	70.0%
	96.0%	80.0%		94.0%	80.0%
	98.0%	90.0%		97.0%	90.0%
Target	100.0%	100.0%	**Target**	100.0%	100.0%
	102.0%	110.0%		102.5%	110.0%
	104.0%	120.0%		105.0%	120.0%
	106.0%	130.0%		107.5%	130.0%
	108.0%	140.0%		110.0%	140.0%
	110.0%	150.0%		112.5%	150.0%
	112.0%	160.0%		115.0%	160.0%
	114.0%	170.0%		117.5%	170.0%
	116.0%	180.0%		120.0%	180.0%
	118.0%	190.0%		122.5%	190.0%
Maximum	120.0%	200.0%	**Maximum**	125.0%	200.0%

* If the Corporation's performance during the Performance Period falls between any of the percentages in the table above, the EBITDA % Payout or ROIC % Payout, as applicable, shall be calculated using linear interpolation (e.g. if Cumulative EBITDA for the Performance Period is 103% of the target, the EBITDA % Payout would be 115%).

The Cumulative EBITDA and Average Return on Invested Capital targets to be used in accordance with the table above were established in writing by the Administrator on [March]   , 2011. Such targets are not set forth herein and the parties agree that they shall not be specifically disclosed to the Participant as they relate to or contain future financial goals of the Corporation which have not and will not be disclosed to the public. The Administrator shall adjust such targets to exclude the effect of any of the following events that occur during the Performance Period: (i) asset write-downs, (ii) extraordinary litigation, claims, judgments, or settlements, (iii) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs, (v) material changes to invested capital from pension and post-retirement benefits-related items and similar non-operational items, and (vi) any other extraordinary, unusual, non-recurring or non-comparable items (A) as described in management's discussion and analysis of financial condition and results of operations appearing in the Corporation's Annual Report to stockholders, (B) as described in Accounting Principles Board Opinion No. 30 (or successor guidance thereto) or (C) as publicly announced by the Corporation in a press release or conference call relating to the Corporation's results of operations or financial condition for a completed quarterly or annual fiscal period.

3. Service Requirements; Termination of Employment.

(a) General. Participant shall be eligible to receive an Award only if (i) Participant remains employed by the Corporation through the last day of the Performance Period and (ii) Participant continues to serve in a job level of General Manager or above through the last day of the Performance Period. If Participant ceases to be employed by the Corporation at any time prior to the last day of the Performance Period or is demoted to a level lower than General Manager, then, except as otherwise provided in this Section 3, this Agreement shall be canceled immediately on the Separation Date or the date of demotion, as applicable, and Participant shall cease to have any right or entitlement to receive any payment hereunder. Nothing contained in this Agreement or in the Plan shall confer upon Participant any right to continue in the employment of the Corporation or to continue at the same job level that Participant holds as of the Date of Grant.

(b) Accelerated Vesting upon Participant's Death or Total Disability. Notwithstanding Section 3(a) above, if Participant's employment with the Corporation is terminated prior to the last day of the Performance Period as a result of Participant's death or Total Disability, then at the Separation Date the Performance Period shall be deemed to have ended and Participant's Award, if any, shall be calculated in the manner set forth in Section 2 above except (i) appropriate adjustments shall be made by the Administrator to the targets for Cumulative EBITDA and Average Return on Invested Capital, and (ii) the amount of the Award, if any, will be pro-rated based on the number of days that Participant was employed by the Corporation between the Date of Grant and the Separation Date as a percentage of the total number of days in the Performance Period.

(c) Accelerated Vesting upon Participant's Retirement. Notwithstanding Section 3(a) above, if Participant's employment with the Corporation is terminated prior to the last day of the Performance Period as a result of Participant's Retirement, then at the Separation Date, the Performance Period shall be deemed to have ended and Participant's Award, if any, shall be calculated in the manner set forth in Section 2 above except (i) appropriate adjustments shall be made by the Administrator to the targets for Cumulative EBITDA and Average Return on Invested Capital, and (ii) the amount of the Award, if any, will be pro-rated based on the number of days that Participant was employed by the Corporation between the Date of Grant and the Separation Date as a percentage of the total number of days in the Performance Period.

4. Change in Control Event. If the Corporation undergoes a Change in Control Event prior to the last day of the Performance Period, then the Performance Period shall be deemed to have ended on the effective date of the Change in Control Event, and Participant shall be entitled to an Award calculated in the manner set forth in Section 2 above except appropriate adjustments shall be made by the Administrator to the targets for Cumulative EBITDA and Average Return on Invested Capital.

5. Payment of Awards. Participant's Award, if any, shall be paid in cash within sixty-five (65) days after (i) the end of the Performance Period, or (ii) the Separation Date, if Section 3(b) or 3(c) is applicable (subject to any payment delay required by Section 10(b), below), or (iii) the Change in Control Event, if Section 4 is applicable.

6. Tax Withholding. The Corporation shall withhold from any Award payable hereunder all federal, state, local and other income and employment taxes required to be withheld from such Award.

7. Binding Effect. This Agreement shall bind Participant and the Corporation and their beneficiaries, survivors, executors, administrators and transferees.

8. Conflicts and Interpretation. Participant acknowledges receipt of a copy of the Plan, and agrees that this Award shall be subject to all of the terms and conditions set forth in the Plan, including future amendments thereto, if any, pursuant to the terms thereof, which Plan is incorporated herein by reference as a part of this Agreement. In the event of any conflict between the terms and conditions of this Agreement and the terms and conditions of the Plan, the terms and conditions of the Plan shall control.

9. Amendment. The Corporation may modify, amend or waive the terms of the Award, prospectively or retroactively, but no such modification, amendment or waiver shall impair the rights of Participant without his or her consent, except as required by applicable law or as necessary to avoid adverse tax or accounting consequences. Prior to the effectiveness of any modification, amendment or waiver, the Corporation will provide notice to Participant and the opportunity for Participant to consult with the Corporation regarding such modification, amendment or waiver. The waiver by either party of compliance with any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

10. Compliance with Code Section 409A.

(a) It is the intention of the parties that compensation payable under this Agreement shall not be subject to the additional tax imposed pursuant to Section 409A of the Code and the parties shall interpret this Agreement in a manner consistent with such intent.

(b) If Participant 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 Participant's Separation Date that, absent the application of this Section 10(b), 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 (i) 6 months after Participant's Separation Date or (ii) Participant's death.

11. Definitions. Capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the Plan. Whenever the following terms are used in this Agreement, they shall have the meanings set forth below.

(a) "Average Return on Invested Capital" means (x) the Return on Invested Capital for each fiscal year of the Corporation during the Performance Period ÷ (y) the total number of fiscal years in the Performance Period.

(b) "Change in Control Event" means a "Change in Control Event" as defined in the Plan, that also qualifies as a "change in control event" pursuant to Treasury Regulation Section 1.409A-3(i)(5).

(c) "Cumulative EBITDA" means the net earnings of the Corporation over the relevant period plus (i) pre-opening expenses, (ii) impairments, (iii) stock option expense, (iv) interest expense, (v) income taxes, (vi) depreciation and (vii) amortization expense.

(d) "Retirement" means the voluntary termination of employment by Participant from the Corporation when the Participant's age plus years of service with the Corporation (in each case measured in complete, whole years) equals or exceeds 67, provided that at the date of termination the Participant is at least 58 years of age and has completed at least five years of service with the Corporation

(e) "Return on Invested Capital" for a relevant period means:

NOPAT ÷ Invested Capital

"NOPAT" means Net Operating Profit for the relevant period multiplied by (1- the Corporation's effective tax rate for the relevant period).

"Net Operating Profit" means net earnings for the relevant period plus (i) interest expense, and (ii) income taxes.

"Invested Capital" means the Corporation's total long term debt plus the Corporation's total equity.

(f) "Separation Date" shall be the date on which Participant's employment with the Corporation ceases for any reason in a manner that constitutes a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h), including Participant's resignation for any reason, the Corporation's termination of Participant's employment for any reason including Total Disability, or Participant's death.

(g) "Total Disability" means a "permanent and total disability" (within the meaning of Section 22(e)(3) of the Internal Revenue Code or as otherwise determined by the Administrator).

[Signature Page Follows.]

IN WITNESS WHEREOF, the parties have executed this Performance Based Cash Award Agreement effective as of the Date of Grant.

RED ROBIN GOURMET BURGERS, INC.

By: ______________________________

Name: Date

Title:

PARTICIPANT:

____

Name: Date

Exhibit 31.1

CERTIFICATION

I, Stephen E. Carley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Red Robin Gourmet Burgers, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(a)-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure control and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

November 4, 2011	/s/ Stephen E. Carley
(Date)	Stephen E. Carley Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Stuart B. Brown, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Red Robin Gourmet Burgers, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(a)-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure control and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 4, 2011	/s/ Stuart B. Brown
(Date)	Stuart B. Brown Chief Financial Officer

Exhibit 32.1

Written Statement
Pursuant To
18 U.S.C. Section 1350

In connection with the Quarterly Report of Red Robin Gourmet Burgers, Inc. (the "Company") on Form 10-Q for the period ended October 2, 2011, as filed with the Securities and Exchange Commission on November 4, 2011 (the "Report"), the undersigned, Stephen E. Carley, Chief Executive Officer, and Stuart B. Brown, Chief Financial Officer, of Red Robin Gourmet Burgers, Inc. (the "Company"), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that;

(a) the quarterly report on Form 10-Q for the period ended October 2, 2011 of the Company (the "Periodic Report") fully complies with the requirements of section 13(a) and 15(d) of the Securities Exchange Act of 1934; and

(b) the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 4, 2011

/s/ Stephen E. Carley
Stephen E. Carley
Chief Executive Officer

/s/ Stuart B. Brown
Stuart B. Brown
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Red Robin Gourmet Burgers, Inc. and will be retained by Red Robin Gourmet Burgers, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.