

**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 **April 17, 2016**

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: **001-34851**

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 200 N

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

Smaller reporting company

(Do not check if a 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 May 16, 2016

Common Stock, \$0.001 par value per share

13,647,035

RED ROBIN GOURMET BURGERS, INC.

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PART I — FINANCIAL INFORMATION

ITEM 1. Financial Statements (unaudited)

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

	(Unaudited) April 17, 2016	December 27, 2015
Assets:		
Current assets:		
Cash and cash equivalents	\$ 25,167	\$ 22,705
Accounts receivable, net	15,110	27,760
Inventories	28,679	28,223
Prepaid expenses and other current assets	14,636	18,052
Total current assets	83,592	96,740
Property and equipment, net	657,536	603,686
Goodwill	97,282	81,957
Intangible assets, net	44,799	39,573
Other assets, net	24,660	18,023
Total assets	\$ 907,869	\$ 839,979
Liabilities and stockholders' equity:		
Current liabilities:		
Trade accounts payable	\$ 21,279	\$ 23,392
Construction related payables	36,460	28,692
Accrued payroll and payroll-related liabilities	37,987	47,587
Unearned revenue	34,636	48,392
Accrued liabilities and other	38,515	29,610
Total current liabilities	168,877	177,673
Deferred rent	68,399	66,470
Long-term debt	254,375	202,875
Long-term portion of capital lease obligations	7,257	7,441
Other non-current liabilities	16,628	11,209
Total liabilities	515,536	465,668
Stockholders' equity:		
Common stock, \$0.001 par value: 45,000 shares authorized; 17,851 and 17,851 shares issued; 13,652 and 13,628 shares outstanding	18	18
Preferred stock, \$0.001 par value: 3,000 shares authorized; no shares issued and outstanding	—	—
Treasury stock 4,199 and 4,223 shares, at cost	(166,371)	(167,339)
Paid-in capital	207,344	205,995
Accumulated other comprehensive loss, net of tax	(3,899)	(5,379)
Retained earnings	355,241	341,016
Total stockholders' equity	392,333	374,311
Total liabilities and stockholders' equity	\$ 907,869	\$ 839,979

See Notes to Condensed Consolidated Financial Statements.

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

	Sixteen Weeks Ended	
	April 17, 2016	April 19, 2015
Revenues:		
Restaurant revenue	\$ 396,770	\$ 388,509
Franchise royalties, fees, and other revenues	5,356	6,392
Total revenues	402,126	394,901
Costs and expenses:		
Restaurant operating costs (excluding depreciation and amortization shown separately below):		
Cost of sales	92,325	97,950
Labor	132,984	124,356
Other operating	49,708	46,584
Occupancy	32,498	30,147
Depreciation and amortization	23,951	23,003
Selling, general, and administrative expenses	47,288	48,061
Pre-opening and acquisition costs	2,372	955
Asset impairment	825	—
Total costs and expenses	381,951	371,056
Income from operations	20,175	23,845
Other expense:		
Interest expense, net and other	1,638	1,060
Income before income taxes	18,537	22,785
Provision for income taxes	4,312	6,220
Net income	\$ 14,225	\$ 16,565
Earnings per share:		
Basic	\$ 1.04	\$ 1.18
Diluted	\$ 1.03	\$ 1.16
Weighted average shares outstanding:		
Basic	13,635	14,077
Diluted	13,783	14,275

See Notes to Condensed Consolidated Financial Statements.

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

	Sixteen Weeks Ended	
	April 17, 2016	April 19, 2015
Net income	\$ 14,225	\$ 16,565
Changes in derivative instrument:		
Net change in fair value of interest rate swap	—	(3)
Net loss reclassified into interest expense	—	23
Tax expense	—	(8)
Net change in derivative instrument	\$ —	\$ 12
Foreign currency translation adjustment	\$ 1,480	(1,117)
Other comprehensive income (loss), net of tax	\$ 1,480	\$ (1,105)
Total comprehensive income	<u>\$ 15,705</u>	<u>\$ 15,460</u>

See Notes to Condensed Consolidated Financial Statements.

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

	Sixteen Weeks Ended	
	April 17, 2016	April 19, 2015
Cash flows from operating activities:		
Net income	\$ 14,225	\$ 16,565
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	23,951	23,003
Asset impairment	825	—
Stock-based compensation expense	2,090	1,446
Other, net	(1,201)	(2,238)
Changes in operating assets and liabilities, net of business acquisition:		
Accounts receivable and other current assets	14,286	11,522
Trade accounts payable and accrued liabilities	174	(9,045)
Unearned revenue	(12,702)	(10,211)
Other operating assets and liabilities, net	852	4,949
Net cash provided by operating activities	42,500	35,991
Cash flows from investing activities:		
Purchases of property, equipment, and intangible assets	(52,149)	(31,580)
Deposit on equipment purchase	—	(5,479)
Acquisition of franchise restaurants, net of cash acquired	(39,984)	—
Other investing activities	—	(207)
Net cash used in investing activities	(92,133)	(37,266)
Cash flows from financing activities:		
Borrowings of long-term debt	137,000	95,500
Payments of long-term debt and capital leases	(85,671)	(99,199)
Tax benefit from exercise of stock options	94	1,193
Proceeds from exercise of stock options and employee stock purchase plan	592	2,947
Net cash provided by financing activities	52,015	441
Effect of exchange rate changes on cash	80	(127)
Net change in cash and cash equivalents	2,462	(961)
Cash and cash equivalents, beginning of period	22,705	22,408
Cash and cash equivalents, end of period	\$ 25,167	\$ 21,447
Supplemental disclosure of cash flow information		
Income taxes paid	\$ 1,046	\$ 1,076
Interest paid, net of amounts capitalized	\$ 1,484	\$ 1,486
Change in construction related payables	\$ 7,768	\$ 1,162

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”), primarily develops, operates, and franchises casual-dining and fast-casual restaurants in North America. As of April 17, 2016, the Company owned and operated 454 restaurants located in 38 states, the District of Columbia, and two Canadian provinces. The Company also had 86 franchised casual-dining restaurants in 15 states as of April 17, 2016. The Company operates its business as one operating and one reportable segment.

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. 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 27, 2015 has been derived from the audited consolidated financial statements as of that date, but does not include all disclosures required for audited annual financial statements. 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 27, 2015, filed with the SEC on February 19, 2016.

The Company’s quarter that ended April 17, 2016 is referred to as first quarter 2016, or the sixteen weeks ended April 17, 2016; the quarter ended April 19, 2015 is referred to as first quarter 2015, or the sixteen weeks ended April 19, 2015.

Recently Issued Accounting Standards

In March 2016, the Financial Accounting Standards Board (“FASB”) issued guidance on stock-based compensation, which changes the accounting for, and classification of, excess tax benefits and deficiencies, the classification of those excess tax benefits on the statement of cash flows, an accounting policy election for forfeitures, the amount an employer can withhold to cover income taxes and still qualify for equity classification, and the classification of those taxes paid on the statement of cash flows. This guidance is effective for annual and interim reporting periods beginning after December 15, 2016 with early adoption permitted. The guidance will be applied either prospectively, retrospectively, or using a cumulative effect transition method, depending on the area covered in this update. The Company is currently evaluating its expected timing and method of adoption along with the effect this guidance will have on the Company’s consolidated financial statements and related disclosures.

In February 2016, the FASB issued new guidance on accounting for leases. This guidance requires the recognition of a liability for lease obligation and a corresponding right-of-use asset on the balance sheet and disclosure of key information about leasing arrangements. This guidance is effective for annual and interim reporting periods beginning after December 15, 2018 using a modified retrospective adoption method. Early adoption is permitted. We are currently evaluating the impact this guidance will have on our consolidated financial statements but expect this adoption will result in a significant increase in the assets and liabilities on our consolidated balance sheet.

In May 2014, the FASB issued guidance outlining a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. This guidance requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, this guidance expands related disclosure requirements. The guidance is effective for reporting periods beginning after December 15, 2017 with early adoption permitted. The new guidance may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of

adoption. In March 2016, the FASB issued an Accounting Standards Update (“ASU”) that amends the principal versus agent guidance in the new revenue recognition standard. The ASU clarifies that the analysis must focus on whether the entity has control of the good or services before they are transferred to the customer. In addition, in April 2016, the FASB issued an ASU to clarify the guidance on accounting for licenses or intellectual property and identifying performance obligations in the new revenue recognition standard. The ASU clarifies how an entity should evaluate the nature of its promise in grants of a license of intellectual property and when a promised good or service is distinct within the context of a contract. We do not believe the new revenue recognition standard will impact our recognition of food and beverage sales from Company-owned restaurants and our recognition of royalty fees from franchisees. We are continuing to evaluate the impact the adoption of this standard will have on the recognition of other transactions, including the initial franchise fees we recognized when the franchise restaurants opened and franchise contributions to our two national media advertising funds, as well as the expected timing and method of adoption.

2. Goodwill and Intangible Assets

The following table presents goodwill as of April 17, 2016 and December 27, 2015 (in thousands):

Balance, December 27, 2015	\$	81,957
Acquisition		14,285
Translation adjustment	\$	1,040
Balance, April 17, 2016	\$	<u>97,282</u>

The Company had no goodwill impairment losses in the period presented in the table above or any prior periods. During the first quarter of 2016, the Company acquired 13 restaurants from a franchisee. Refer to Note 5, *Acquisition of Red Robin Franchised Restaurants*, for details of the acquisition.

The following table presents intangible assets as of April 17, 2016 and December 27, 2015 (in thousands):

	April 17, 2016			December 27, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets subject to amortization:						
Franchise rights	\$ 56,521	\$ (25,039)	\$ 31,482	\$ 50,878	\$ (23,904)	\$ 26,974
Favorable leases	13,931	(6,885)	7,046	12,991	(6,643)	6,348
Liquor licenses	10,193	(9,787)	406	10,168	(9,751)	417
	<u>\$ 80,645</u>	<u>\$ (41,711)</u>	<u>\$ 38,934</u>	<u>\$ 74,037</u>	<u>\$ (40,298)</u>	<u>\$ 33,739</u>
Indefinite-lived intangible assets:						
Liquor licenses and other	\$ 5,865	\$ —	\$ 5,865	\$ 5,834	\$ —	\$ 5,834
Intangible assets, net	<u>\$ 86,510</u>	<u>\$ (41,711)</u>	<u>\$ 44,799</u>	<u>\$ 79,871</u>	<u>\$ (40,298)</u>	<u>\$ 39,573</u>

There were no impairments to intangible assets during the sixteen weeks ended April 17, 2016 and April 19, 2015. The aggregate amortization expense related to intangible assets subject to amortization was \$1.5 million and \$1.3 million for the sixteen weeks ended April 17, 2016 and April 19, 2015.

The estimated aggregate future amortization expense as of April 17, 2016 is as follows, (in thousands):

Remainder of 2016	\$	3,276
2017		4,768
2018		4,554
2019		4,473
2020		3,945
Thereafter		17,918
	\$	<u>38,934</u>

3. Stock Incentive Plans

Under the Company's Second Amended and Restated 2007 Performance Incentive Plan (the "2007 Stock Plan"), various stock options and stock awards may be granted to employees of the Company and any of the Company's subsidiaries, directors of the Company, and certain consultants and advisors to the Company or any of its subsidiaries.

Stock options are granted with an exercise price equal to the fair market value of shares of the Company's common stock at the grant date. We account for stock-based compensation in accordance with fair value recognition provisions, calculated using the Black-Scholes option pricing model (the "pricing model"). The weighted-average fair value of non-qualified stock options and the related assumptions used in the pricing model for periods in which options were granted were as follows:

	Sixteen Weeks Ended	
	April 17, 2016	April 19, 2015
Risk-free interest rate	1.2%	1.4%
Expected years until exercise	4.7	4.8
Expected stock volatility	39.3%	40.6%
Dividend yield	—%	—%
Weighted average Black-Scholes fair value per share at date of grant	\$ 21.93	\$ 29.69

The following table presents a summary of the Company's stock-based compensation activity for the sixteen weeks ended April 17, 2016 (in thousands):

	Stock Options	Restricted Stock Units
Outstanding, December 27, 2015	395	75
Granted	125	33
Forfeited/expired	(4)	(1)
Exercised/vested	(7)	(17)
Outstanding, April 17, 2016	509	90

We recognized stock-based compensation expense of \$2.1 million and \$1.4 million for the sixteen weeks ended April 17, 2016 and April 19, 2015.

4. Earnings Per Share

Basic earnings per share amounts are calculated by dividing net income by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share amounts are calculated based upon the weighted-average number of shares of common stock 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 sixteen weeks ended April 17, 2016 and April 19, 2015, weighted average stock options outstanding of 193 thousand shares and 38 thousand shares 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 per share are as follows (in thousands, except per share data):

	Sixteen Weeks Ended	
	April 17, 2016	April 19, 2015
Net income	\$ 14,225	\$ 16,565
Basic weighted average shares outstanding	13,635	14,077
Dilutive effect of stock options and awards	148	198
Diluted weighted average shares outstanding	13,783	14,275
Earnings per share:		
Basic	\$ 1.04	\$ 1.18
Diluted	\$ 1.03	\$ 1.16

5. Acquisition of Red Robin Franchised Restaurants

The Company acquires franchised restaurants from time to time. On March 21, 2016, the Company acquired 13 restaurants, including real estate at four of the locations, from one of its U.S. franchisees for a purchase price of \$40.0 million in cash. The pro forma impact of this acquisition and the operating results of the acquired restaurants are not presented as the impact was not material to reported results.

The acquisition was accounted for using the purchase method as defined in ASC 805, *Business Combinations*. The goodwill arising from the acquisition consists largely of the synergies and economies of scale expected from combining the acquired operations with the Company. The goodwill generated by the acquisition is not amortizable for book purposes but is amortizable and deductible for tax purposes. The Company preliminarily allocated the purchase price to the fair value of the assets acquired and liabilities assumed as follows (in thousands):

	Fair Value at Acquisition Date
Property and equipment	18,831
Intangible assets	6,540
Deferred tax assets	2,935
Deferred tax liabilities	(2,791)
Goodwill	14,285
Other assets and liabilities, net	220
Total purchase price	40,020

Of the \$18.8 million in property and equipment, \$7.5 million is related to land. Of the \$6.5 million of intangible assets, \$5.6 million is related to reacquired franchise rights, which will be amortized on a straight-line basis over a weighted average of 15.0 years, and \$0.9 million is related to acquired favorable leases. The fair value measurement of tangible and intangible assets and liabilities as of the acquisition date is based on significant inputs not observed in the market and thus represents a level 3 fair value measurement.

Following this preliminary valuation, the items with the highest likelihood of changing upon finalization of the valuation process include property and equipment, goodwill, and deferred taxes.

6. Restaurant Impairments and Closures

During the sixteen weeks ended April 17, 2016, the Company closed one restaurant and classified the property as held for sale. The Company also relocated one restaurant and recognized \$0.8 million asset impairment charge due to the relocation. The Company closed one restaurant at the end of its lease term during the sixteen weeks ended April 19, 2015. No impairments were recorded during the sixteen weeks ended April 19, 2015.

7. Borrowings

The Company maintains a credit facility (the "Credit Facility") with a group of lenders which provides for a \$325 million revolving line of credit with a sublimit for the issuance of up to \$25 million in letters of credit and swingline loans up to \$15 million. The Credit Facility also provides a Canadian Dollar borrowing sublimit equivalent to \$20 million. On March 11, 2016, the Company entered into an amendment to the Credit Facility to permit sale leaseback transactions under the terms of the Credit Facility up to an aggregate amount of \$30 million.

The Credit Facility matures on July 2, 2019. As of April 17, 2016, the Company had outstanding borrowings under the Credit Facility of \$253.5 million, in addition to amounts issued under letters of credit of \$8.3 million, which reduced the amount available under the credit facility but were not recorded as debt.

8. Derivative Financial Instruments

The Company had no active derivative financial instrument at April 17, 2016 and December 27, 2015. The Company had one interest rate swap at April 19, 2015. The loss on the interest rate swap designated as a cash flow hedge recognized in other comprehensive loss and reclassifications from Accumulated other comprehensive loss to earnings for the sixteen weeks ended April 19, 2015 were immaterial.

9. Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, and accounts payable approximate fair value due to the short term nature or maturity of the instruments.

The following tables present the Company's assets measured at fair value on a recurring basis as of April 17, 2016 and December 27, 2015 (in thousands):

	April 17, 2016	Level 1	Level 2	Level 3
Assets:				
Investments in rabbi trust	\$ 8,555	\$ 8,555	\$ —	\$ —
Total assets measured at fair value	\$ 8,555	\$ 8,555	\$ —	\$ —

	December 27, 2015	Level 1	Level 2	Level 3
Assets:				
Investments in rabbi trust	\$ 6,863	\$ 6,863	\$ —	\$ —
Total assets measured at fair value	\$ 6,863	\$ 6,863	\$ —	\$ —

Other than disclosed in Note 5, *Acquisition of Red Robin Franchised Restaurants*, as of April 17, 2016 and December 27, 2015, the Company had no financial assets or liabilities that were measured using level 3 inputs. The Company also had no non-financial assets or liabilities that were required to be measured on a recurring basis.

Disclosures of Fair Value of Other Assets and Liabilities

The Company's liabilities under its credit facility and capital leases are carried at historical cost in the accompanying condensed consolidated balance sheets. For disclosure purposes, the Company estimated 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. Both the credit facility and the Company's capital lease obligations are considered to be level 2 instruments. The following table presents the carrying value and estimated fair value of the Company's credit facility and capital lease obligations as of April 17, 2016 and December 27, 2015 (in thousands):

	April 17, 2016		December 27, 2015	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Credit facility	\$ 253,500	\$ 253,275	\$ 202,000	\$ 201,829
Capital lease obligations	7,800	8,865	7,972	9,177
Total	\$ 261,300	\$ 262,140	\$ 209,972	\$ 211,006

10. Commitments and Contingencies

In the normal course of business, there are various claims in process, matters in litigation, and other contingencies. These include employment-related claims and claims alleging illness, injury, or other food quality, health, or operational issues. Evaluating contingencies related to litigation is a complex process involving subjective judgment on the potential outcome of future events and the ultimate resolution of litigated claims may differ from our current analysis. We review the adequacy of accruals and disclosures pertaining to litigation matters each quarter in consultation with legal counsel and we assess the probability and range of possible losses associated with contingencies for potential accrual in the consolidated financial statements. While it is not possible to predict the outcome of these 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.

The Company had \$4.0 million and \$0.1 million of liability recorded for various legal matters as of April 17, 2016 and December 27, 2015. In the first quarter of 2016, the Company recorded \$3.9 million of litigation contingencies for employment-related claims.

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 2016 and 2015 refer to the sixteen week periods ending April 17, 2016 and April 19, 2015, unless otherwise indicated.

Overview

Red Robin Gourmet Burgers, Inc., a Delaware corporation, together with its subsidiaries ("Red Robin," "we," "us," "our" or the "Company"), primarily develops, operates, and franchises casual-dining restaurants and fast-casual restaurants with 540 locations in North America. As of April 17, 2016, the Company operated 454 Company-owned restaurants located in 38 states, the District of Columbia, and two Canadian provinces, comprised of 443 Red Robin® restaurants and 11 Red Robin Burger Works®, a smaller non-traditional prototype with a limited menu and service. The Company also had 86 franchised casual-dining restaurants in 15 states as of April 17, 2016. The Company operates its business as one operating and one reportable segment.

The following summarizes the operational and financial highlights during the sixteen weeks ended April 17, 2016, and our outlook for the remainder of fiscal year 2016:

- *Financial performance.*
 - Restaurant revenues increased \$8.3 million or 2.1% to \$396.8 million for the sixteen weeks ended April 17, 2016, as compared to the sixteen weeks ended April 19, 2015, primarily due to a \$19.6 million increase in revenue from newly opened and acquired restaurants, offset by a \$9.8 million or 2.6% decrease in comparable restaurant revenue, a \$1.2 million unfavorable foreign exchange impact related to our Canadian restaurants, and \$0.4 million from closed restaurants. We expect total revenues to grow around 8.0% in 2016, comprised of flat to slightly negative comparable revenue growth, and the remainder due to increased operating weeks associated with locations opened in 2015 and 2016 and acquired restaurants.

- Restaurant operating costs, as a percentage of restaurant revenue, increased 50 basis points to 77.5% for the sixteen weeks ended April 17, 2016, as compared to 77.0% for the sixteen weeks ended April 19, 2015. The increases were primarily due to increases in labor costs including benefits, other restaurant operating costs, and occupancy, as a percentage of restaurant revenues, and were partially offset by a reduction in food and beverage costs.
- Net income decreased 14.1% to \$14.2 million for the sixteen weeks ended April 17, 2016 from \$16.6 million for the sixteen weeks ended April 19, 2015. Diluted earnings per share decreased 11.2% to \$1.03 for the sixteen weeks ended April 17, 2016, as compared to \$1.16 for the sixteen weeks ended April 19, 2015. Excluding the impact of \$0.20 per diluted share related to litigation contingencies, and a charge of \$0.04 per diluted share for asset impairment charges related to the relocation of one restaurant, net income per diluted share for the sixteen weeks ended April 17, 2016 was \$1.27. Excluding the impact of \$0.06 per diluted share related to the change in accounting estimate for gift card breakage, net income per diluted share for the sixteen weeks ended April 19, 2015 was \$1.10.
- *Marketing.* Our Red Robin Royalty™ loyalty program operates in all of our U.S. and Canadian Company-owned Red Robin restaurants and has been rolled out to most of our franchised restaurants. We engage our guests through Red Robin Royalty with offers designed to increase frequency of visits as a key part of our overall marketing strategy. We also inform enrolled guests early about new menu items to generate awareness and trial of these offerings. Our media buying approach is designed to achieve maximum on-air continuity. In addition, we use digital, social, and earned media to target and more effectively reach specific segments of our guest base. We plan to continue promoting new items and value menus during the remainder of 2016.
- *Brand Transformation Initiative.* In 2012, we began investing in our brand transformation program to enhance our service, food presentation, atmosphere, and other guest experiences. Key elements of the restaurant remodel associated with our brand transformation include greater separation of the bar and family dining area and refreshed exteriors including signage. We completed 32 restaurant remodels during the sixteen weeks ended April 17, 2016 towards our goal of completing 70 remodels in 2016. We expect to substantially complete our brand transformation initiative for Company-owned restaurants by the end of 2016.
- *Restaurant Development.* During the sixteen weeks ended April 17, 2016, we opened two Red Robin restaurants and acquired 13 franchised restaurants. We plan to open at least 20 Red Robin restaurants during the remainder of 2016, including one Red Robin restaurant in Canada. We also opened one and relocated one Red Robin Burger Works during the sixteen weeks ended April 17, 2016, both located in Chicago, IL, bringing us to eleven total Burger Works. For the remainder of 2016, we plan to open at least one additional Red Robin Burger Works.

Restaurant Data

The following table details restaurant unit data for our Company-owned and franchised locations for the periods indicated:

	Sixteen Weeks Ended	
	April 17, 2016	April 19, 2015
Company-owned:		
Beginning of period	439	415
Opened during the period	3	4
Acquired from franchisees	13	—
Closed during the period	(1)	(1)
End of period	454	418
Franchised:		
Beginning of period	99	99
Opened during the period	—	—
Sold or closed during the period	(13)	—
End of period	86	99
Total number of restaurants	540	517

Results of Operations

Operating results for each fiscal 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 revenues.

This information has been prepared on a basis consistent with our audited 2015 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.

	Sixteen Weeks Ended	
	April 17, 2016	April 19, 2015
Revenues:		
Restaurant revenue	98.7%	98.4%
Franchise royalties, fees, and other revenues	1.3	1.6
Total revenues	100.0	100.0
Costs and expenses:		
Restaurant operating costs (exclusive of depreciation and amortization shown separately below):		
Cost of sales	23.3	25.2
Labor	33.5	32.0
Other operating	12.5	12.0
Occupancy	8.2	7.8
Total restaurant operating costs	77.5	77.0
Depreciation and amortization	6.0	5.8
Selling, general, and administrative	11.7	12.2
Pre-opening and acquisition costs	0.6	0.2
Asset impairment	0.2	—
Income from operations	5.0	6.0
Interest expense, net and other	0.4	0.3
Income before income taxes	4.6	5.7
Provision for income taxes	1.1	1.5
Net income	3.5%	4.2%

Certain percentage amounts in the table above do not total due to restaurant operating costs being expressed as a percentage of restaurant revenues and not total revenues.

Revenues

(Revenues in thousands)	Sixteen Weeks Ended		
	April 17, 2016	April 19, 2015	Percent Change
Restaurant revenue	\$ 396,770	\$ 388,509	2.1 %
Franchise royalties, fees, and other revenue	5,356	6,392	(16.2)%
Total revenues	\$ 402,126	\$ 394,901	1.8 %
Average weekly sales volumes in Company-owned restaurants ⁽¹⁾⁽²⁾	\$ 56,950	\$ 59,032	(3.5)%
Total operating weeks	7,088	6,660	6.4 %
Restaurant revenue per square foot	\$ 143	\$ 148	(3.4)%

(1) Excludes Red Robin Burger Works.

(2) Calculated using constant currency rates. Using historical currency rates, the average weekly sales per unit in for sixteen weeks ended April 19, 2015 for Company-owned restaurants was \$59,211.

Restaurant revenue for the sixteen weeks ended April 17, 2016, which is comprised primarily of food and beverage sales, increased \$8.3 million or 2.1% as compared to the first quarter of 2015. The increase was primarily due to an \$19.6 million increase in revenue from newly opened and acquired restaurants, partially offset by an \$9.8 million or 2.6% decrease in comparable restaurant revenue, a \$1.2 million unfavorable foreign exchange impact related to our Canadian restaurants, and \$0.4 million from closed restaurants. The comparable restaurant revenue decrease was driven by a 4.1% decrease in guest counts and offset by a 1.5% increase in average guest check.

Average weekly sales volumes represent the total restaurant revenue for all Company-owned Red Robin casual dining restaurants for each time period presented, divided by the number of operating weeks in the period. Comparable restaurant revenues include those restaurants that are in the comparable base at the end of each period presented. New restaurants are restaurants that are open but by definition not included in the comparable category because they have not operated for five full quarters. Fluctuations in average weekly net sales volumes for Company-owned restaurants reflect the effect of comparable restaurant revenue changes as well as the performance of new and acquired restaurants during the period and the average square footage of our restaurants.

Franchise royalties, fees, and other revenue decreased \$1.0 million or 16.2% for the sixteen weeks ended April 17, 2016, due to a \$0.9 million decrease in gift card breakage revenue and a \$0.1 million decrease in franchise revenue. Gift card breakage revenue for the sixteen weeks ended April 19, 2015 included \$1.4 million of additional revenue as the result of changing the accounting estimate for gift card breakage. Franchise revenue decreased for the sixteen weeks ended April 17, 2016 primarily related to the loss of royalties from 14 franchised restaurants that we acquired in 2015 and 2016. Our franchisees reported flat comparable restaurant revenue for the sixteen weeks ended April 17, 2016 compared to the sixteen weeks ended April 19, 2015.

Cost of Sales

(In thousands, except percentages)	Sixteen Weeks Ended		
	April 17, 2016	April 19, 2015	Percent Change
Cost of sales	\$ 92,325	\$ 97,950	(5.7)%
As a percent of restaurant revenue	23.3%	25.2%	(1.9)%

Cost of sales, which is comprised of food and beverage costs, is variable and generally fluctuates with sales volume. Cost of sales as a percentage of restaurant revenue decreased 190 basis points for the sixteen weeks ended April 17, 2016, as compared to the same period in 2015. The decrease was mainly due to food cost deflation, primarily related to ground beef, along with favorable menu mix and pricing.

Labor

<u>(In thousands, except percentages)</u>	Sixteen Weeks Ended		
	April 17, 2016	April 19, 2015	Percent Change
Labor	\$ 132,984	\$ 124,356	6.9%
As a percent of restaurant revenue	33.5%	32.0%	1.5%

Labor costs include restaurant-level hourly wages and management salaries as well as related taxes and benefits. For the sixteen weeks ended April 17, 2016, labor as a percentage of restaurant revenue increased 150 basis points compared to the same period in 2015. This increase was primarily driven by sales deleverage, higher average hourly rates and manager salaries, and an increase in health insurance and workers' compensation costs, partially offset by a decrease in management bonus.

Other Operating

<u>(In thousands, except percentages)</u>	Sixteen Weeks Ended		
	April 17, 2016	April 19, 2015	Percent Change
Other operating	\$ 49,708	\$ 46,584	6.7%
As a percent of restaurant revenue	12.5%	12.0%	0.5%

Other operating costs include costs such as restaurant supplies, utilities, and other costs such as service repairs and maintenance costs. For the sixteen weeks ended April 17, 2016, other operating costs as a percentage of restaurant revenue increased 50 basis points as compared to the same period in 2015, as higher credit card fees and costs of restaurant technology were partially offset by lower supplies and utility costs.

Occupancy

<u>(In thousands, except percentages)</u>	Sixteen Weeks Ended		
	April 17, 2016	April 19, 2015	Percent Change
Occupancy	\$ 32,498	\$ 30,147	7.8%
As a percent of restaurant revenue	8.2%	7.8%	0.4%

Occupancy costs include fixed rents, property taxes, common area maintenance charges, general liability insurance, contingent rents, and other property costs. Occupancy costs incurred prior to opening our new restaurants are included in pre-opening costs. For the sixteen weeks ended April 17, 2016, occupancy costs as a percentage of restaurant revenue increased 40 basis points over the prior year, primarily due to sales deleverage along with an increase in general liability insurance. Our fixed rents for the sixteen weeks ended April 17, 2016 and April 19, 2015 were \$21.5 million and \$19.7 million, an increase of \$1.8 million due to the addition of 36 locations from the first quarter of 2015.

Depreciation and Amortization

<u>(In thousands, except percentages)</u>	Sixteen Weeks Ended		
	April 17, 2016	April 19, 2015	Percent Change
Depreciation and amortization	\$ 23,951	\$ 23,003	4.1%
As a percent of total revenues	6.0%	5.8%	0.2%

Depreciation and amortization includes depreciation on capital expenditures for restaurants and corporate assets as well as amortization of acquired franchise rights, leasehold interests, and certain liquor licenses. For the sixteen weeks ended April 17, 2016, depreciation and amortization expense increased \$0.9 million or 4.1% over the prior year, primarily related to restaurants remodeled under our brand transformation initiative and new restaurants opened and acquired since the first quarter 2015.

Selling, General, and Administrative

(In thousands, except percentages)	Sixteen Weeks Ended		
	April 17, 2016	April 19, 2015	Percent Change
Selling, general, and administrative	\$ 47,288	\$ 48,061	(1.6)%
As a percent of total revenues	11.7%	12.2%	(0.5)%

Selling, general, and administrative costs include all corporate and administrative functions. Components of this category include corporate, regional, and franchise support salaries and benefits; marketing and advertising costs; professional and consulting fees; travel; corporate information systems; training; board of directors' expenses; office rent; and legal expenses.

Selling, general, and administrative costs in the sixteen weeks ended April 17, 2016 decreased \$0.8 million or 1.6% as compared to the same period in 2015. The decrease was primarily due to a decrease in incentive compensation and marketing and advertising costs, partially offset by higher litigation contingencies recorded in the first quarter 2016. Excluding the \$3.9 million of litigation contingencies for employment-related claims, selling, general, and administrative costs were \$43.4 million, a decrease of 9.7% from the prior year.

Pre-opening and Acquisition Costs

(In thousands, except percentages)	Sixteen Weeks Ended		
	April 17, 2016	April 19, 2015	Percent Change
Pre-opening and acquisition costs	\$ 2,372	\$ 955	148.4%
As a percent of total revenues	0.6%	0.2%	0.4%

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, occupancy costs incurred prior to opening, travel expenses for our training teams, the cost of food and beverages used in training, marketing, and supply costs, and other direct costs related to the opening of new restaurants. Our pre-opening costs fluctuate from period to period, depending upon, but not limited to, the number of restaurant openings, the size of the restaurants being opened, and the location of the restaurants. Pre-opening costs for any given quarter will typically include expenses associated with restaurants opened during the quarter as well as expenses related to restaurants opening in subsequent quarters. Pre-opening and acquisition costs increased \$1.4 million for the sixteen weeks ended April 17, 2016, primarily due to timing of restaurant openings and \$0.7 million in acquisition costs incurred during the first quarter 2016. No acquisition costs were incurred during the sixteen weeks ended April 19, 2015.

Interest Expense, Net and Other

Interest expense, net and other was \$1.6 million for the sixteen weeks ended April 17, 2016, an increase of \$0.6 million or 54.5% from the same period in 2015. The increase was primarily related to a higher average debt balance. Our weighted average interest rate was 2.4% for the sixteen weeks ended April 17, 2016 and April 19, 2015.

Provision for Income Taxes

The effective income tax rate for the sixteen weeks ended April 17, 2016 was 23.3%, compared to 27.3% for the sixteen weeks ended April 19, 2015. We anticipate that our full year fiscal 2016 effective tax rate will be approximately 23%.

Liquidity and Capital Resources

Cash and cash equivalents increased \$2.5 million to \$25.2 million at April 17, 2016, from \$22.7 million at the beginning of the fiscal year. We expect to continue to reinvest available cash flows from operations to develop new restaurants or invest in existing restaurants and infrastructure, including the remodeling of our restaurants as part of our brand transformation initiative; paying down debt; opportunistically repurchasing our common stock; purchasing franchised restaurants; and executing our long-term strategic initiatives.

Cash Flows

The table below summarizes our cash flows from operating, investing, and financing activities for each period presented (in thousands):

	Sixteen Weeks Ended	
	April 17, 2016	April 19, 2015
Net cash provided by operating activities	\$ 42,500	\$ 35,991
Net cash used in investing activities	(92,133)	(37,266)
Net cash provided by financing activities	52,015	441
Effect of exchange rate changes on cash	80	(127)
Net change in cash and cash equivalents	<u>\$ 2,462</u>	<u>\$ (961)</u>

Operating Cash Flows

Net cash flows provided by operating activities increased \$6.5 million to \$42.5 million for the sixteen weeks ended April 17, 2016. Cash generated from restaurant operations stayed comparable to the same period in 2015. The increase was primarily driven by a \$3.8 million decrease in marketing spend, a \$1.5 million increase in tenant incentive payments received, offset by a \$1.0 million increase in compensation payments related to prior year's bonus payout. The remainder of the increase was mainly related to a decrease in payments to vendors.

Investing Cash Flows

Net cash flows used in investing activities increased \$54.9 million to \$92.1 million for the sixteen weeks ended April 17, 2016, as compared to \$37.3 million for the same period in 2015. The increase is primarily due to the acquisition of franchised restaurants and increased investment in new restaurant openings and restaurant remodels.

The following table lists the components of our capital expenditures, net of currency translation effect, for the sixteen weeks ended April 17, 2016 (in thousands):

	Sixteen Weeks Ended April 17, 2016
New restaurants	\$ 23,074
Restaurant remodels	21,608
Investment in technology infrastructure and other	5,243
Restaurant maintenance capital	2,224
Purchase of franchised restaurants	39,984
Total capital expenditures	<u>\$ 92,133</u>

We expect total capital investments of around \$190 million for 2016, which includes the 13 restaurants acquired in the first quarter of 2016.

Financing Cash Flows

Cash provided by financing activities increased \$51.6 million to \$52.0 million for the sixteen weeks ended April 17, 2016, as compared to the same period in 2015. The increase primarily resulted from a \$55.0 million increase in net borrowings from long-term debt, partially offset by an increase in net cash proceeds received from exercise of employee stock options and purchase plan.

Credit Facility

The Company maintains a credit facility (the “Credit Facility”) with a group of lenders which provides for a \$325 million revolving line of credit with a sublimit for the issuance of up to \$25 million in letters of credit and swingline loans up to \$15 million, and includes an option to increase the amount available under the credit facility up to an additional \$25 million in the aggregate, subject to the lenders’ participation. The Credit Facility also provides a Canadian Dollar borrowing sublimit equivalent to \$20 million. Borrowings under the Credit Facility, if denominated in U.S. Dollars, are subject to rates based on the London Interbank Offered Rate (“LIBOR”) plus a spread based on leverage or a 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%). Borrowings under the Credit Facility, if denominated in Canadian Dollars, are subject to rates based on LIBOR plus a spread based on leverage or a base rate plus a spread based on leverage (base rate is the highest of (a) the Canadian Prime Rate and (b) the Canadian Dealer Offered Rate (“CDOR Rate”) for an interest period of one month plus 1%). On March 11, 2016, the Company entered into an amendment to the Credit Facility to permit sale leaseback transactions under the terms of the Credit Facility up to an aggregate amount of \$30 million. The Credit Facility matures on July 2, 2019.

Borrowings under the Credit Facility are secured by first priority liens and security interests in substantially all of the Company’s assets, including the capital stock of certain Company subsidiaries, and are available for financing activities including restaurant construction costs, working capital, and general corporate purposes, including, among other uses, to refinance certain indebtedness, permitted acquisitions, and redemption of capital stock. We do not believe that any of our lenders will be unable to fulfill their lending commitments under our Credit Facility. Loan origination costs associated with the Credit Facility are included as deferred costs in other assets, net in the accompanying condensed consolidated balance sheet. As of April 17, 2016, the Company had outstanding borrowings under the Credit Facility of \$253.5 million, in addition to amounts issued under letters of credit of \$8.3 million, which reduce the amount available under the credit facility but are not recorded as debt.

Covenants. We are subject to a number of customary covenants under our Credit Facility, including limitations on additional borrowings, acquisitions, stock repurchases, sales of assets, and dividend payments. As of April 17, 2016, we were in compliance with all debt covenants.

Debt Outstanding. Total debt and capital lease obligations outstanding increased \$51.3 million to \$262.2 million at April 17, 2016, from \$210.8 million at December 27, 2015, primarily due to increased borrowings on the Credit Facility.

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 working capital deficit because restaurant sales are primarily conducted on a cash or credit card basis. Rapid turnover of inventory results in limited investment in inventories, and cash from sales is usually received before related payables for food, supplies, and payroll become due. In addition, receipts from the sale of gift cards are received well in advance of related redemptions. Rather than maintain higher cash balances that would result from this pattern of operating cash flows, we typically utilize operating cash flows in excess of those required for currently-maturing liabilities to pay for capital expenditures, debt repayment, or to repurchase stock. When necessary, we utilize our revolving credit facility to satisfy short-term liquidity requirements. We believe that our future cash flows generated from restaurant operations combined with our remaining borrowing capacity under the Credit Facility will be sufficient to satisfy any working capital deficits and our planned capital expenditures.

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 increases in the minimum wage have directly affected our labor costs in recent years. Many of our leases require us to pay taxes, maintenance, repairs, insurance, and utilities, all of which are generally subject to inflationary increases. We believe inflation had a negative impact on our financial condition and results of operations during the sixteen weeks ended April 17, 2016, due primarily to higher wages. Uncertainties related to fluctuations in costs, including energy costs, commodity prices, annual indexed wage increases, and construction materials make it difficult to predict what impact, if any, inflation may continue to have on our business, but it is anticipated that inflation will continue to have a negative impact for the remainder of 2016.

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. As a result, our quarterly and annual operating results and comparable restaurant revenue may fluctuate significantly as a result of seasonality. Accordingly, results for any one quarter or year 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 leases entered into the normal course of business, we do not have any material off balance sheet arrangements.

Contractual Obligations

There were no material changes outside the ordinary course of business to our contractual obligations since the filing of Company's Annual Report on Form 10-K for the fiscal year ended December 27, 2015.

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 which were disclosed in our Annual Report on Form 10-K for the fiscal year ended December 27, 2015.

Recently Issued Accounting Standards

See Note 1, *Basis of Presentation and Recent Accounting Pronouncements*, of Notes to Condensed Consolidated Financial Statements of this report.

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") 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 the PSLRA. Forward-looking statements include statements regarding our expectations, beliefs, intentions, plans, objectives, goals, strategies, future events, or performance and underlying assumptions and other statements which are other than statements of historical facts. These statements may be identified, without limitation, by the use of forward-looking terminology such as "anticipate," "assume," "believe," "estimate," "expect," "intend," "plan," "project," "may," "will," "would," and similar expressions. Certain forward-looking statements are included in this Quarterly Report on Form 10-Q, principally in the sections captioned "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations". Forward-looking statements in this report include, among other things: our financial performance, including revenues; our marketing strategy and promotions; our brand transformation initiative and anticipated number and timing of restaurant remodels; anticipated number and timing of new restaurant openings and operating weeks, restaurant relocations and restaurant development efforts, including Red Robin Burger Works; expected uses for available cash flow; capital investments; beliefs about the ability of our lenders to fulfill their lending commitments under our Credit Facility and about the sufficiency of future cash flows to satisfy working capital deficit; anticipated funding for new restaurant openings; anticipated effective tax rate for 2016; commodity and utility costs, and the anticipated effects of inflation; the effect of the adoption of new accounting standards on our financial and accounting systems; estimated aggregate future amortization expenses; and the possibility of new interest rate swap or other similar mechanisms.

Forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those we express in these forward-looking statements. These risks and uncertainties include, but are not limited to, the following: the effectiveness of our business improvement initiatives; the ability to fulfill planned expansion and restaurant remodeling; the effectiveness of our marketing campaign; uncertainty regarding general economic conditions and economic recovery; concentration of restaurants in certain markets and lack of market awareness in new markets; changes in consumer disposable income, consumer spending trends and habits; the effectiveness of our information technology and new technology systems; regional mall and lifestyle center traffic trends; increased competition and discounting in the casual-dining restaurant market; costs and availability of food and beverage inventory; changes in commodity prices, particularly ground beef; changes in labor and energy costs; limitations on the Company's ability to execute stock repurchases due to lack of available shares or acceptable stock price levels or other market or Company-specific conditions; our ability to attract qualified managers and team members; changes in the availability of capital or credit facility borrowings; the effectiveness of our new technology systems; changes in health care and insurance costs; costs and other effects of legal claims by team members, franchisees, customers, vendors, stockholders, and others, including settlement of those claims; effectiveness of management strategies and decisions; weather conditions and related events in regions where our restaurants are operated; changes in accounting standards policies and practices or related interpretations by auditors or regulatory entities; 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 27, 2015, filed with the SEC on February 19, 2016.

Although we believe that the expectations reflected in our forward-looking statements are based on reasonable assumptions, such expectations may prove to be materially incorrect due to known and unknown risks and uncertainties. All forward-looking statements speak only as of the date made. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances arising after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no material change in the interest rate risk, foreign currency exchange risk, or commodity price risk since the filing of the Company's Annual Report on Form 10-K for the fiscal year ended December 27, 2015. We continue to monitor our interest rate risk on an ongoing basis and may use interest rate swaps or similar instruments in the future to manage our exposure to interest rate changes related to our borrowings as the Company deems appropriate. As of April 17, 2016, we had \$253.5 million of borrowings subject to variable interest rates. A 1.0% change in the effective interest rate applied to these loans would have resulted in pre-tax interest expense fluctuation of \$2.5 million on an annualized basis.

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 the Company ("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. 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

During the first quarter of 2016, the Company implemented a new human resources and payroll system, which resulted in changes to certain of the Company's processes and procedures for internal control over financial reporting. The Company is currently evaluating how these changes impact the effectiveness of internal controls over financial reporting.

There were no other changes in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. Legal Proceedings

For a description of our legal proceedings, see Note 10, *Commitments and Contingencies*, of Notes to Condensed Consolidated Financial Statements of this report.

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 27, 2015 filed with the SEC on February 19, 2016. There have been no material changes to our Risk Factors disclosed in our 2015 Annual Report on Form 10-K.

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

During the sixteen weeks ended April 17, 2016, 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 Current Report on Form 8-K. On February 11, 2016, the Company's board of directors re-authorized the Company's share repurchase program and approved the repurchase of up to a total of \$100 million of the Company's common stock. The share repurchase authorization became effective on February 11, 2016, and will terminate upon completing repurchases of \$100 million of common stock unless otherwise terminated by the board. Purchases under the repurchase program may be made in open market or privately negotiated transactions. Purchases may be made from time to time at the Company's discretion and the timing and amount of any share repurchases will be determined based on share price, market conditions, legal requirements, and other factors. The repurchase program does not obligate the Company to acquire any particular amount of common stock, and the Company may suspend or discontinue the repurchase program at any time. The Company did not repurchase any of its common stock during first quarter 2016. Therefore, the current repurchase program had remaining authorized purchase limit of \$100 million as of April 17, 2016.

ITEM 6. Exhibits

Exhibit Number	Description
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
10.1	Employment Agreement by and between Red Robin Gourmet Burgers, Inc. and Jonathan Muhtar, as amended, dated March 31, 2016.
10.2	Second Amendment to Credit Agreement, dated as of March 11, 2016.
101	The following financial information from the Quarterly Report on Form 10-Q of Red Robin Gourmet Burgers, Inc. for the quarter ended April 17, 2016, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at April 17, 2016 and December 27, 2015; (ii) Condensed Consolidated Statements of Operations for the sixteen weeks ended April 17, 2016 and April 17, 2015; (iii) Condensed Consolidated Statements of Comprehensive Income for the sixteen weeks ended April 17, 2016 and April 17, 2015; (iv) Condensed Consolidated Statements of Cash Flows for the sixteen weeks ended April 17, 2016 and April 19, 2015; and (v) the Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.

SIGNATURE

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

May 18, 2016

(Date)

RED ROBIN GOURMET BURGERS, INC.
(Registrant)

By:

/s/ Stuart B. Brown

Stuart B. Brown
(Chief Financial Officer)

AMENDMENT TO EMPLOYMENT AGREEMENT
(Jonathan A. Muhtar)

This Amendment to Employment Agreement (this "Amendment") is effective as of March 31, 2016, by and between Red Robin Gourmet Burgers, Inc., a Delaware corporation (the "Company") and Jonathan A. Muhtar ("Executive"). Reference is made to that certain Employment Agreement by and between the Company and Executive effective as of December 14, 2015 (the "Employment Agreement"). All capitalized terms not defined herein shall have the meanings assigned to such terms in the Employment Agreement. The Company and Executive are referred to in this Amendment collectively as the "Parties."

WHEREAS, the Parties desire to amend certain terms of the Employment Agreement as set forth below.

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

1. Amendment to Section 6. Section 6 of the Employment Agreement shall be replaced in its entirety by the language set forth below:

"6. Covenant Not to Compete. Executive agrees that, for the period commencing on the Effective Date and ending twelve months after the date of termination of Executive's employment as Chief Marketing Officer (the "Restrictive Period"), Executive shall not, 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 in the State of Colorado or the following casual dining and brew-centric restaurant concepts (and their successors) in any location: Chili's, Applebee's, Ruby Tuesday, TGIFridays, Texas Roadhouse, BJ's, Yardhouse, Millers Ale House and Brickhouse (a "Competitive Activity"). In making its judgment as to whether any business is engaged in a burger focused 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")."

2. No Other Changes. Except as modified or supplemented by this Amendment, the Employment Agreement remains unmodified and in full force and effect.

3. Miscellaneous.

(a) Governing Law. This Amendment 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 arising from or relating to this Amendment; however the Company is not limited in seeking relief in those courts.

(b) Binding Effect. This Amendment 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.

(c) Counterparts. This Amendment 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.

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

[Signature page follows.]

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to the Employment Agreement to be executed as of the date first above written.

RED ROBIN GOURMET BURGERS, INC.

By: /s/ Denny Marie Post
Denny Marie Post
President

EXECUTIVE:

/s/ Jonathan A. Muhtar
Jonathan A. Muhtar

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") is made as of this 26th day of November, 2015, by and between RED ROBIN GOURMET BURGERS, INC., a Delaware corporation (the "Company"), and Jonathan A. Muhtar ("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 December 14, 2015 (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 Senior Vice President and Chief Marketing Officer ("Chief Marketing Officer") of the Company, with such duties and responsibilities that are customary for public company chief marketing officer positions. In addition, the Chief Executive Officer or Chief Concept Officer may assign Executive such duties and responsibilities that are not substantially inconsistent with his position as Chief Marketing 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 \$375,000.00, with such salary to be adjusted at such times, if any, and in such amounts as recommended by the Chief Concept Officer and approved by the Compensation Committee of the Board of Directors (the "Compensation Committee"); 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); 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 Concept Officer and the Compensation Committee 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) 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 the 2016 fiscal year, the Annual Bonus shall be targeted at up to 70% of Executive's Annual Base Salary. 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. Notwithstanding the foregoing, Executive shall be entitled to a guaranteed Annual Bonus for the 2015 fiscal year in the amount of \$262,500, which amount shall be paid to Executive in the first quarter of fiscal 2016.

(c) Signing Bonus. No later than the thirtieth day following the Effective Date, the Company shall pay to Executive a cash bonus of \$200,000 (the "Signing Bonus").

(d) Long-Term Incentive Awards. On the first business day of the calendar quarter following the Effective Date or as soon thereafter as is administratively practicable (the "Grant Date"), Executive will receive equity awards pursuant to the Company's Second Amended and Restated 2007 Performance Incentive Plan (the "Plan") as follows (the "Sign-On Equity Awards"): time-vested restricted stock units having a grant date target value of \$250,000, and time-vested non-qualified stock options having a grant date target value of \$250,000. Each equity award shall vest in equal 1/3rd increments on the first, second, and third anniversaries of the Grant Date, and shall be subject to such other terms and conditions as are set forth in the Company's standard award agreement for the applicable type of award. For 2016, Executive's long-term incentive grant will be guaranteed at 140% of Annual Base Salary, and will consist of the same types of awards (currently restricted stock units, non-qualified stock options, and long-term cash awards) and in the same proportions as 2016 grants to all other members of the Company's senior executive team. For subsequent fiscal years, Executive shall be entitled to participate in such annual long-term incentive

awards as may be approved by the Board or the Compensation Committee from time to time in accordance with the Company's compensation plans.

(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, 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) Paid Time Off. Executive shall be entitled to holidays and paid time off in accordance with the Company's holiday and paid time off policies 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.

(v) Moving and Relocation Expenses. It is expected that Executive shall reside permanently in the Denver, Colorado metropolitan area during the Employment Period. Employer will pay on Executive's behalf relocation expenses as set forth below ("Relocation Expenses"), subject to Employer's customary payroll practices and legal requirements regarding withholding, provided that Relocation Expenses are incurred during Executive's employment with the Company and within one year of the Effective Date. The Company shall also provide Executive with a tax gross-up for applicable federal, state and local taxes paid by Executive in connection with the reimbursement provided under this Section 3(e)(v) and the tax gross-up payment itself (the "Relocation Gross-Up"). The Relocation Gross-Up shall be paid no later than March 15th of the year following the year in which the related Relocation Expense was incurred. The Relocation Expenses shall include (A) new loan financing fees, (B) up to one "point" on a new mortgage loan, and (C) other costs associated with buying or selling a home. In addition, Relocation Expenses shall be provided for (A) reasonable expenses actually

incurred by Executive to move personal effects from Nashville, Tennessee to the Denver, Colorado metropolitan area, (B) reasonable costs incurred for round trips by Executive or Executive's spouse or both Executive and his spouse between Denver, Colorado and Nashville, Tennessee to search for a home and effectuate the relocation and (C) reimbursement for rent, electricity, gas and water expenses actually incurred by Executive for interim housing in the Denver, Colorado metropolitan area for a period of up to six months commencing on the Effective Date (or until such earlier date as Executive is no longer incurring such interim housing expenses). Notwithstanding the foregoing, Relocation Expenses shall not include "loss on sale" protection for Executive's current home. The Company's total reimbursement obligation in respect of the Relocation Expenses and Relocation Gross-Up shall not exceed \$175,000. Executive shall submit to the Company receipts and other applicable documentation evidencing the Relocation Expenses promptly and in all events no later than March 1st of the year following the year in which the Relocation Expenses were incurred, and the Company shall remit payment for such Relocation Expenses in accordance with its standard accounts payable practices, but in any event no later than March 15th of the calendar year following the calendar year in which the expense was incurred. Notwithstanding the foregoing, in the event that (i) Executive remains employed through the first anniversary of the Effective Date, (ii) Executive utilizes "Relocation Today" services for Executive's relocation needs, and (iii) the total Relocation Expenses and Relocation Gross-Up are less than the \$175,000, then Executive may request a "Relocation Cash-Out" payment equal to one-half of the difference between (x) \$175,000 and (y) the actual amount of Relocation Expenses incurred and Relocation Gross-Up. The Relocation Cash-Out shall be paid as soon as reasonably practicable, but in all events prior to March 15, 2017. Executive shall not be entitled to any Relocation Gross-Up on the Relocation Cash Out.

(f) Clawback of Compensation upon Certain Terminations of Employment. 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 (i) the Signing Bonus, (ii) the guaranteed Annual Bonus for the 2015 fiscal year, and (iii) Relocation Expenses, Relocation Gross-Up, and Relocation Cash-Out paid or reimbursed by the Company pursuant to Section 3(e)(v). If Executive terminates his employment without Good Reason or is terminated by the Company for Cause after the first anniversary of the Effective Date but prior to the second anniversary of the Effective Date, Executive shall be required to repay the Company the gross amount of the (i) the guaranteed Annual Bonus for the 2015 fiscal year, and (ii) the grant-date value of all Sign-On Equity Awards that vested during such period. In addition, any unvested portion of the Sign-On Equity Awards shall be forfeited immediately as of the termination date. The clawback required by this Section shall be paid and effectuated by Executive to the Company within forty-five days of the termination date.

(g) 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 at any time for Good Reason subject to the notice and cure provisions set forth in the definition thereof.

(e) Change in Control. Executive's employment may be terminated within twenty-four (24) months following a Change in Control Event by the Company without Cause or by Executive for Good Reason.

(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 Executive's Annual Base Salary through the date of termination to the extent not theretofore paid ("Accrued Obligation"), which Accrued Obligation shall be paid to Executive or his estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the effective date of termination or such earlier date as may be required by law; and (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.

(ii) By the Company without Cause or by Executive for Good Reason (Before or Following a Change in Control). If, prior to the expiration of the stated term of this Agreement, the Company terminates Executive's employment for any reason other than for Cause or Executive terminates his employment for Good Reason (in either case before, or within twenty-four (24) months following a Change in Control), this Agreement shall terminate without further obligations to Executive other than:

(A) payment of the Accrued Obligation through the effective date of termination in a lump sum in cash within 30 days of the effective date of termination or such earlier date as may be required by law;

(B) payment of the equivalent of twelve (12) months of Executive's Annual Base Salary as in effect immediately prior to the date of termination in a lump sum in cash within 60 days of the effective date of termination, subject to standard withholdings and other authorized deductions;

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 Obligation), Executive shall first execute and deliver to the Company and RRI a general release agreement in a form that is satisfactory to the Company and RRI, and all rights of Executive thereunder or under applicable law to rescind or revoke the release shall have expired no later than the 60 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 Obligation) shall be forfeited.

(iii) Exclusive Remedy. Executive agrees that the payments contemplated by this Section 4(f) shall constitute the exclusive and sole remedy for any termination of his employment, and Executive covenants not to assert or pursue any other remedies, at law or in equity, with respect to any termination of employment; provided, however, that nothing contained in this Section 4(f)(iii) 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.

(iv) 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 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 14 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 Effective Date and ending twelve months after the date of termination of Executive's employment as Chief Marketing 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 or the following casual dining and brew-centric restaurant concepts (and their successors): Chili's, Applebee's, Ruby Tuesday, TGIFridays, Texas Roadhouse, BJ's, Yardhouse, Millers Ale House and Brickhouse (a "Competitive Activity"). In making its judgment as to whether any business is engaged in a burger focused 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 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 common stock or stock equivalents in such amounts and on such terms and conditions as are set forth in the Company's Executive Stock Ownership Guidelines established by the Compensation Committee and in effect from time to time (the "Ownership Guidelines"). Executive is expected to meet the ownership requirements set forth in the Ownership Guidelines within the time period stated in the Ownership Guidelines. In the event Executive is unable to meet his ownership requirements within the defined time period, Executive shall retain all net after tax profit shares following option exercise and/or the vesting of restricted stock units until Executive has satisfied the requirements set forth in this Section 12. No additional liability shall apply to Executive if Executive fails to satisfy the stock ownership requirements set forth in this Section 12.

13. 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;

(i i) 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 or the Chief Executive Officer or the Chief Concept Officer 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 his predecessor twice) shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(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 Marketing 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 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 Executive 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 Arbitrator Group, Inc., Denver, Colorado, or its successor (“JAG”), or if JAG is no longer able to supply the arbitrator, such arbitrator shall be selected from the Judicial Arbitration and Mediation Services, Inc. (“JAMS”), or other mutually agreed upon arbitration provider, as the exclusive forum for the resolution of such dispute. Provisional injunctive relief may, but need not, be sought by either party to this Agreement in a court of law while arbitration proceedings are pending, and any provisional injunctive relief granted by such court shall remain effective until the matter is finally determined by the Arbitrator. 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 his 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 Participant 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 3(e)(v) and 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, and this Agreement shall be interpreted accordingly. 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), 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.

(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.

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 21. Otherwise, the amount payable to Executive pursuant to this Agreement shall be reduced so that no such Payment is subject to the Excise Tax. “Net After-Tax Benefit” shall mean the sum of (x) all payments that Executive receives or is entitled to receive from the Company that are contingent on a change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company within the meaning of Code section 280G(b)(2) (either, a “Section 280G”

Transaction”), less (y) the amount of federal, state, local and employment taxes and Excise Tax (if any) imposed with respect to such payments.

(a) All determinations required to be made under this Section 21, including whether and when a Payment is cut back pursuant to Section 21(a) and the amount of such cut-back, and the assumptions to be utilized in arriving at such determination, shall be made by a 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 Change in Control Event, 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.

(b) 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.

20. 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
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:

Jonathan A. Muhtar
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.

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

RED ROBIN GOURMET BURGERS, INC.

By: /s/ Denny Marie Post
Name: Denny Marie Post
Title: EVP, Chief Concept Officer

EXECUTIVE:

/s/ Jonathan A. Muhtar
Jonathan A. Muhtar

SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT (this "Agreement"), dated as of March 11, 2016, is by and among RED ROBIN INTERNATIONAL, INC., a Nevada corporation (the "Borrower"), RED ROBIN GOURMET BURGERS, INC., a Delaware corporation (the "Parent"), the Guarantors, the Lenders party hereto, and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as administrative agent on behalf of the Lenders under the Credit Agreement (as hereinafter defined) (in such capacity, the "Administrative Agent").

WITNESSETH

WHEREAS, the Borrower, the Parent, the other Guarantors, the Lenders from time to time party thereto, and the Administrative Agent are parties to that certain Credit Agreement dated as of July 2, 2014 (as amended by the First Amendment to Credit Agreement dated as of December 21, 2015, and as otherwise amended, modified, extended, restated, replaced, or supplemented from time to time, the "Credit Agreement"; capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement, as amended hereby);

WHEREAS, the Credit Parties have requested that the Lenders make certain amendments to the Credit Agreement as set forth herein; and

WHEREAS, the Lenders have agreed to amend the Credit Agreement subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
AMENDMENTS TO CREDIT AGREEMENT

1.1 Amendment to Section 6.12. Section 6.12 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

Section 6.12 Sale Leasebacks.

No Credit Party will, directly or indirectly, (i) sell or transfer any property (whether real, personal or mixed and whether now owned or hereafter acquired) to a Person that is not a Credit Party (for purposes of this Section 6.12, the "Sale Leaseback Property") and then (ii) promptly lease (whether as an Operating Lease or a Capital Lease), or guaranty a lease of, the Sale Leaseback Property and use the Sale Leaseback Property for substantially the same purpose in existence prior to the sale or transfer (any such transaction, a "Sale Leaseback Transaction"); provided, however, that Sale Leaseback Transactions shall be permitted so long as such Sale Leaseback Transactions do not exceed an aggregate amount of \$30,000,000 during the term of this Agreement.

ARTICLE II
CONDITIONS

2.1 Closing Conditions. This Agreement shall become effective upon the satisfaction of the following conditions precedent:

(a) Execution of Agreement. The Administrative Agent shall have received a copy of this Agreement duly executed by the Borrower, the other Credit Parties, the Administrative Agent and the Required Lenders.

(e) Fees and Out of Pocket Costs. The Borrower shall have paid any and all reasonable, documented out-of-pocket costs incurred by the Administrative Agent (including the fees and expenses Moore & Van Allen, PLLC as legal counsel to the Administrative Agent) and all other fees and amounts required to be paid to the Administrative Agent in connection with this Agreement to the extent invoiced prior to the date hereof.

ARTICLE III MISCELLANEOUS

3.1 Amended Terms. On and after the date hereof, all references to the Credit Agreement in each of the Credit Documents shall hereafter mean the Credit Agreement as amended by this Agreement. Except as specifically amended hereby or otherwise agreed, the Credit Agreement is hereby ratified and confirmed and shall remain in full force and effect according to its terms.

3.2 Representations and Warranties of Credit Parties. Each of the Credit Parties represents and warrants as follows:

(a) Each of the Credit Parties has full corporate power, authority and right to execute, deliver and perform this Agreement and has taken all necessary limited liability company or corporate action to authorize the execution, delivery and performance by it of this Agreement.

(b) This Agreement has been duly executed and delivered on behalf of each of the Credit Parties. This Agreement constitutes a legal, valid and binding obligation of each of the Credit Parties, enforceable against such Credit Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(c) No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the execution, delivery or performance of this Agreement by the Credit Parties (other than those which have been obtained) or with the validity or enforceability of this Agreement against the Credit Parties.

(d) The representations and warranties made by the Credit Parties in the Credit Agreement, in the Security Documents or which are contained in any certificate furnished at any time under or in connection with the Credit Agreement are true and correct on and as of the date hereof as if made on and as of such date, except for representations and warranties expressly stated to relate to a specific earlier date.

(e) No Default or Event of Default has occurred and is continuing on the date hereof.

(f) The Security Documents continue to create a valid security interest in, and Lien upon, the Collateral purported to be covered thereby, in favor of the Administrative Agent, for the benefit of the holders of the Secured Obligations, which security interests and Liens are perfected in accordance with the terms of the Security Documents and prior to all Liens other than Permitted Liens.

(g) The Obligations of the Credit Parties are not reduced or modified by this Agreement and, as of the date hereof, are not subject to any offsets, defenses or counterclaims.

3.3 Reaffirmation of Obligations. Each Credit Party hereby ratifies the Credit Agreement, as amended hereby, and each other Credit Document to which it is a party and acknowledges and reaffirms (a) that it is bound by all terms of the Credit Agreement, as amended hereby, and each other Credit Document to which it is a party applicable to it and (b) that it is responsible for the observance and full performance of its respective obligations under the Credit Documents.

3.4 Credit Document. This Agreement shall constitute a Credit Document under the terms of the Credit Agreement.

3.5 Entirety. This Agreement and the other Credit Documents embody the entire agreement among the parties hereto and supersede all prior agreements and understandings, oral or written, if any, relating to the subject matter hereof.

3.6 Expenses. The Borrower agrees to pay all reasonable costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Agreement, including without limitation the reasonable fees and expenses of the Administrative Agent's legal counsel.

3.7 Counterparts; Electronic Execution. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed signature page of this Agreement by facsimile transmission or other electronic means shall be effective as delivery of a manually executed counterparty hereof.

3.8 GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK (INCLUDING SECTION 5-1401 AND SECTION 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK) WITHOUT REGARD TO CONFLICTS OR CHOICE OF LAW PRINCIPLES THAT WOULD REQUIRE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

3.9 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns.

3.10 Consent to Jurisdiction; Service of Process; Waiver of Jury Trial. The jurisdiction, services of process and waiver of jury trial provisions set forth in Section 9.14 and Section 9.17 of the Credit Agreement and the limitation of liability provisions of Section 9.5(b) of the Credit Agreement are hereby incorporated by reference, *mutatis mutandis*.

[Signature pages to follow]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed on the date first above written.

BORROWER: RED ROBIN INTERNATIONAL, INC.,
a Nevada corporation

By: /s/ Stuart B. Brown
Name: Stuart B. Brown
Title: President and Treasurer

GUARANTORS: RED ROBIN GOURMET BURGERS, INC.,
a Delaware corporation

By: /s/ Stuart B. Brown
Name: Stuart B. Brown
Title: Executive Vice President and Chief Financial Officer

RED ROBIN WEST, INC.,
a Nevada corporation

By: /s/ Stuart B. Brown
Name: Stuart B. Brown
Title: President and Treasurer

WESTERN FRANCHISE DEVELOPMENT, INC.,
a California corporation

By: /s/ Stuart B. Brown
Name: Stuart B. Brown
Title: President and Treasurer

RED ROBIN DISTRIBUTING COMPANY LLC,
a Nevada limited liability company

By: /s/ Stuart B. Brown
Name: Stuart B. Brown
Title: Manager

NORTHWEST ROBINS, L.L.C.,
a Washington limited liability company

By: /s/ Stuart B. Brown
Name: Stuart B. Brown
Title: President and Treasurer

RED ROBIN EXPRESS, LLC,
a Colorado limited liability company

By: /s/ Stuart B. Brown
Name: Stuart B. Brown
Title: Manager

RED ROBIN NORTH HOLDINGS, INC.,
a Nevada corporation

By: /s/ Stuart B. Brown
Name: Stuart B. Brown
Title: President and Treasurer

SECOND AMENDMENT TO CREDIT AGREEMENT
RED ROBIN INTERNATIONAL, INC.

ADMINISTRATIVE AGENT

AND LENDERS: WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent and a Lender

Name: Darcy McLaren
Title: Director

By: /s/ Darcy McLaren

SECOND AMENDMENT TO CREDIT AGREEMENT
RED ROBIN INTERNATIONAL, INC.

BANK OF AMERICA, N.A.,
as a Lender

By: /s/ Anthony Luppino
Name: Anthony Luppino
Title: Vice President

SECOND AMENDMENT TO CREDIT AGREEMENT
RED ROBIN INTERNATIONAL, INC.

COMPASS BANK,
as a Lender

By: /s/ Joseph W. Nimmons
Name: Joseph W. Nimmons
Title: Sr. Vice President

SECOND AMENDMENT TO CREDIT AGREEMENT
RED ROBIN INTERNATIONAL, INC.

COOPERATIEVE RABOBANK U.A., NEW YORK BRANCH,
as a Lender

By: /s/ Jeff Geisbauer
Name: Jeff Geisbauer
Title: Executive Director

By: /s/ Bert Corum
Name: Jeff Geisbauer
Title: Executive Director

SECOND AMENDMENT TO CREDIT AGREEMENT
RED ROBIN INTERNATIONAL, INC.

U.S. BANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ Jacob Payne
Name: Jacob Payne
Title: Sr. Vice President

SECOND AMENDMENT TO CREDIT AGREEMENT
RED ROBIN INTERNATIONAL, INC.

CEO 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 Rule 13a-15(f) and 15d-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 controls 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; and
 - (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.

May 18, 2016

(Date)

/s/ Stephen E. Carley

Stephen E. Carley
Chief Executive Officer

CFO 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 Rule 13a-15(f) and 15d-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 controls 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; and
 - (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.

May 18, 2016

(Date)

/s/ Stuart B. Brown

Stuart B. Brown
Chief Financial Officer

**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 April 17, 2016, as filed with the Securities and Exchange Commission on May 18, 2016 (the "Report"), the undersigned, Stephen E. Carley, Chief Executive Officer, and Stuart B. Brown, Chief Financial Officer, of 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 April 17, 2016 of the Company (the "Periodic Report") fully complies with the requirements of Section 13(a) or Section 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: May 18, 2016

/s/ Stephen E. Carley

Stephen E. Carley
Chief Executive Officer

Dated: May 18, 2016

/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.