
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): August 10, 2005

RED ROBIN GOURMET BURGERS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

0-49916
(Commission File Number)

84-1573084
(I.R.S. Employer Identification No.)

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

80111
(Zip Code)

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

Not Applicable

Former name or former address, if changed since last report

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On August 11, 2005, Red Robin Gourmet Burgers, Inc. (the "Company") announced that Michael J. Snyder has retired as the Company's Chairman of the Board of Directors, President and Chief Executive Officer. In connection with his retirement, Mr. Snyder entered into a written agreement with the Company dated August 10, 2005 (the "Retirement and General Release Agreement"). The Retirement and General Release Agreement provides that Mr. Snyder will be entitled to receive his salary, accrued vacation and other benefits customarily provided to employees of the Company through August 31, 2005; Mr. Snyder's stock options shall terminate as of August 31, 2005; and Mr. Snyder will reimburse the Company in full for certain expenses determined to be inconsistent with Company policies or lacking sufficient documentation. Mr. Snyder also agreed to a general release of claims against the Company. A copy of the Retirement and General Release Agreement is filed with this report as Exhibit 10.1 and is incorporated herein by reference.

On August 11, 2005, the Company also announced that James P. McCloskey has resigned as Senior Vice President. In connection with his resignation, Mr. McCloskey entered into a written agreement with the Company dated August 10, 2005 (the "Resignation and Release Agreement"). The Resignation and General Release Agreement provides that Mr. McCloskey will be entitled to receive his salary, accrued vacation and other benefits customarily provided to employees of the Company through August 31, 2005; and Mr. McCloskey's stock options shall terminate as of August 31, 2005. Mr. McCloskey also agreed to a general release of claims against the Company. A copy of the Resignation and General Release Agreement is filed with this report as Exhibit 10.2 and is incorporated herein by reference.

Item 1.02. TERMINATION OF A MATERIAL DEFINITIVE AGREEMENT

The Retirement and General Release Agreement referred to in Item 1.01 also terminates the employment agreement dated May 11, 2000 between the Company and Michael J. Snyder (except certain noncompetition and other provisions that expressly survive the termination of employment). Mr. Snyder's employment agreement was previously filed as Exhibit 10.10 to the Company's Registration Statement on Form S-1 dated April 26, 2002 (Registration No. 333-87044).

Item 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On August 11, 2005, the Company issued a press release describing selected financial results of the Company for the twelve and twenty-eight weeks ended July 10, 2005. A copy of the press release is attached hereto as Exhibit 99.1 and is being incorporated herein by reference.

The information incorporated by reference in Item 2.02 of this Form 8-K and the Exhibit 99.1 attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, regardless of any general incorporation language in such filing.

Item 5.02. DEPARTURE OF DIRECTORS OR PRINCIPAL OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF PRINCIPAL OFFICERS

On August 11, 2005, the Company announced that Dennis B. Mullen, age 61, a Company director since 2002, has been named Chairman of the Board and Chief Executive Officer. Mr. Mullen has been a private investor for the past five years. Mr. Mullen currently serves as the chairman of the Janus Funds, chairs the Janus Funds' nominating and governance committee, and serves on the Janus Funds' audit and brokerage committees. Prior to his appointment as chairman of the Janus Funds, he served as the lead independent trustee for Janus Funds. As a trustee for Janus Funds, Mr. Mullen chaired the audit committee. Prior to 1998, Mr. Mullen had more than 30 years experience as a corporate executive in the restaurant industry, and has served as chief executive officer for several restaurant chains, including Cork & Cleaver Restaurants of Denver, Colorado; Pedro Verde's Mexican Restaurants, Inc. of Boulder, Colorado; Garcia's Restaurants, Inc. of Phoenix, Arizona; and BCNW, a franchise of Boston Chicken, Inc. in Seattle, Washington. Mr. Mullen started his professional career at PricewaterhouseCoopers and also served as the chief financial officer for Lange Ski Boots.

Mr. Mullen will continue in his position as a director of the Company. However, as a result of Mr. Mullen's appointment as Chief Executive Officer, he will no longer serve on the Audit or Nominating and Governance Committees of the Board of Directors. He will be replaced on the Audit and Nominating and Corporate Governance Committees by James T. Rothe.

On August 11, 2005, the Company also announced that Michael J. Snyder has retired as the Company's Chairman of the Board of Directors, President and Chief Executive Officer. A description of the terms of Mr. Snyder's retirement are included under Item 1.01 and incorporated herein by reference.

The Company also announced that Eric C. Houseman has been elevated from Vice President of Restaurant Operations to President and Chief Operating Officer. Mr. Houseman, age 37, joined the Company in 1993 and has served as the Company's Vice President of Restaurant Operations since March 2000. From 1993 to March 2000, Mr. Houseman served in various regional operations management positions with the Company.

The Company also announced that, at the request of the Board of Directors, Edward T. Harvey will continue to serve on the Board and has been appointed by the Board of Directors to serve as Lead Director. Mr. Harvey has been a member of the Company's Board of Directors since 2000 and serves on the Audit, Compensation, and Nominating and Corporate Governance Committees.

The Company also announced that James P. McCloskey has resigned as the Company's Senior Vice President. A description of the terms of Mr. McCloskey's resignation are included under Item 1.01 and incorporated by herein by reference.

These management and governance changes follow an internal investigation conducted by a special committee (the "Special Committee") of the Company's Board of Directors relating to use of chartered aircraft and travel and entertainment expenses. The Special Committee, which retained independent counsel to conduct the investigation, identified various expenses by Mr. Snyder that were inconsistent with Company policies or that lacked sufficient documentation. Mr. Snyder has agreed to reimburse the Company for such expenses following completion of the Special Committee's review. The Company has notified the Securities and Exchange Commission of the internal investigation.

The Company believes that the expense amounts involved are not material to the Company's financial position or results of operations. In conjunction with Mr. Snyder's retirement and Mr. McCloskey's resignation, the Company will record a non-cash charge in the third quarter of 2005 of approximately \$2.8 million, or \$1.8 million net of tax, for stock options that were accelerated and exercised in 2002.

A copy of the press release announcing the appointment of Mr. Mullen as Chairman and Chief Executive Officer, the retirement of Mr. Snyder, the appointment of Mr. Harvey as Lead Director, the elevation of Mr. Houseman to President and Chief Operating Officer, and the resignation of Mr. McCloskey is filed with this report as Exhibit 99.2 and is incorporated herein by reference.

Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

Exhibit Number	Description
10.1	Retirement and General Release Agreement between the Company and Michael J. Snyder, dated August 10, 2005.
10.2	Resignation and General Release Agreement between the Company and James P. McCloskey, dated August 10, 2005.
99.1	Press Release dated August 11, 2005, issued by the Company regarding results of operations.
99.2	Press Release dated August 11, 2005, issued by the Company regarding management changes.

SIGNATURES

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 hereunto duly authorized.

RED ROBIN GOURMET BURGERS, INC.,
a Delaware corporation

By: /s/ Katherine L. Scherping

Date: August 11, 2005

Chief Financial Officer

RETIREMENT AND GENERAL RELEASE AGREEMENT

This Retirement and General Release Agreement (the "Agreement") is made as of August 10, 2005 by and among Michael Snyder ("Snyder") on the one hand, and Red Robin Gourmet Burgers, Inc. and Red Robin International, Inc. on the other hand (collectively, the "Company").

RECITALS

- A. WHEREAS, Snyder has served as Chairman of the Board, Chief Executive Officer and President of the Company; and
- B. WHEREAS, Snyder and the Company are parties to that certain Employment Agreement dated May 11, 2000 (the "Employment Agreement"); and
- C. WHEREAS, Snyder desires to retire from employment with, and as a director and executive officer of, the Company; and
- D. WHEREAS, Snyder and the Company desire to provide for an orderly transition of Snyder's duties and responsibilities; and
- E. WHEREAS, Snyder and the Company mutually desire to set forth the parties' rights and obligations upon Snyder's retirement.

NOW, THEREFORE, in consideration of the above recitals and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, and intending to be legally bound, Snyder and Company voluntarily agree as follows:

1. Retirement. Pursuant to Section 4(b) of the Employment Agreement, Snyder hereby voluntarily resigns as a director and as Chairman of the Board, Chief Executive Officer and President of the Company, and any parents or subsidiaries, effective as of the date of this Agreement, and retires as an employee of the Company effective as of the close of the Company's business on August 31, 2005 ("**Retirement Date**"). Snyder shall be entitled to receive his salary, accrued vacation and other benefits customarily provided to employees of the Company through the Retirement Date at the rates in effect on the date hereof. Except as otherwise provided in this Agreement, the Employment Agreement shall terminate as of the Retirement Date, and all benefits of employment shall cease as of the Retirement Date.

2. Stock Options. The Company has previously granted stock options to Snyder to purchase shares of the Company's common stock (the "Stock Options"). As of the Retirement Date (and after giving effect to Snyder's retirement pursuant to Section 1), the Stock Options will be outstanding and unvested as to an aggregate of Ninety-One Thousand Six Hundred Sixty Seven (91,667) shares of the Company's common stock (the "Unvested Options") and the Stock Options will be outstanding and vested as to an aggregate of Sixty-Eight Thousand Three Hundred Thirty Three (68,333) shares of the Company's common stock (the "Vested Options"), all as set forth in more detail in the Stock Option summary attached hereto as Schedule I. The Unvested and the Vested Options shall be, and hereby are, terminated on the

Retirement Date, and Snyder shall have no further rights with respect thereto or in respect thereof.

3. Repayment of Personal Expenses. Prior to the date hereof, a special committee of the Board of Directors (the "Special Committee") has conducted an investigation into certain travel, lodging, entertainment and other expenses that have been incurred by Snyder and paid for or reimbursed by the Company. The Special Committee has presented Snyder with a list of such expenses for which the Special Committee has been unable to identify adequate documentary or other support as to the business purposes for such expenses (the "Disallowed Expenses"). Within twenty (20) days after the date of this Agreement (the "Petition Period"), Snyder may petition the Special Committee to reduce the Disallowed Expenses by submitting records or other proof demonstrating by clear and convincing evidence that any of the Disallowed Expenses were, in fact, incurred for appropriate business purposes. If requested by Snyder, the Special Committee shall promptly meet or otherwise confer with Snyder to discuss any such evidence that Snyder may submit. Within ten (10) business days of the receipt of any submission by Snyder (or, if Snyder should fail to submit any petition within the Petition Period, then within three (3) business days after the expiration of the Petition Period), the Special Committee shall make a final determination as to the amount of Disallowed Expenses to be repaid by Snyder (provided, however, that such period for final determination may be extended by mutual agreement of Snyder and the Special Committee). The Special Committee's final determination as to the amount of Disallowed Expenses is binding and shall not be subject to challenge by Snyder. Within three (3) business days of his receipt of the Special Committee's final determination, Snyder shall repay to the Company the amount of the Disallowed Expenses as finally determined by the Special Committee, together with interest on all such amounts calculated from the date that each such expense was incurred until the date of Snyder's payment of the Disallowed Expenses at a rate equal to the interest rate currently in effect under the Company's existing credit facility.

4. Release. In consideration of the covenants undertaken herein by the Company, and except for those obligations created by or arising out of this Agreement, Snyder, on his own behalf and on behalf of his descendants, dependents, heirs, executors, administrators, assigns and successors, does hereby covenant not to sue and acknowledges full and complete satisfaction of and hereby releases, absolves and discharges the Company and its heirs, successors and assigns, parent, subsidiaries, divisions and affiliated corporations, past and present, as well as its and their trustees, directors, officers, agents, attorneys, insurers and employees, past and present, and each of them (hereinafter collectively referred to as "Releasees"), with respect to and from any and all claims, demands, liens, agreements, contracts, covenants, actions, suits, causes of action, wages, obligations, debts, expenses, attorneys' fees, damages, judgments, orders and liabilities of whatever kind or nature in law, equity or otherwise, whether now known or unknown, suspected or unsuspected, and whether or not concealed or hidden, which Snyder now owns or holds or has at any time heretofore owned or held as against said Releasees, or any of them, arising out of or in any way connected with his employment relationship with the Company, or his retirement or resignation as an employee, officer and director, or any other transactions, occurrences, acts or omissions or any loss, damage or injury whatever, known or unknown, suspected or unsuspected, resulting from any act or omission by or on the part of said Releasees, or any of them, committed or omitted prior to the date of this Agreement, including specifically but without limiting the generality of the foregoing, any claim

under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, and the Family and Medical Leave Act, provided, however, that the foregoing release by Snyder shall not extend to any rights Snyder may have in the future to (i) indemnification under the Company's certificate of incorporation or bylaws, law or agreement or (ii) any coverage to which Snyder may be entitled under Company's Director and Officer insurance policies.

5. Waiver of Unknown Claims. It is the intention of Snyder in executing this instrument that the same shall be effective as a bar as to each and every claim, demand and cause of action hereinabove specified including unknown claims. In furtherance of this intention, Snyder hereby expressly waives any and all rights or benefits conferred by any federal, state or local statute regarding release of unknown or unsuspected claims.

6. No Transferred Claims. Snyder warrants and represents that he has not heretofore assigned or transferred to any person not a party to this Agreement any released matter or any part or portion thereof and Snyder shall defend, indemnify and hold harmless the Company from and against any claim (including the payment of attorneys' fees and costs actually incurred whether or not litigation is commenced) based on or in connection with or arising out of any such assignment or transfer made, purported or claimed.

7. Non-Disparagement. Snyder agrees that he shall not directly or indirectly, make or ratify any statement, public or private, oral or written, to any person that disparages, either professionally or personally, the Company or its parents, subsidiaries and affiliates, past and present, and each of them, as well as its and their trustees, directors, officers, agents, attorneys, insurers, employees, stockholders, representatives, assigns, and successors, past and present, and each of them.

8. Survival of Certain Provisions of Employment Agreement. Section 6 through Section 19 of the Employment Agreement survive Snyder's retirement and the termination of the Employment Agreement and are incorporated herein by reference as if fully set forth.

9. Complete Agreement. This Agreement constitutes and contains the entire agreement and understanding concerning Snyder's employment with the Company, retirement or resignation as an employee, officer and director, and the other subject matters addressed herein between the parties, and supersedes and replaces all prior negotiations and all agreements proposed or otherwise, whether written or oral, concerning the subject matter hereof. This is an integrated document.

10. Severability. 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.

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

12. Waiver. No waiver of any breach of any term or provision of this Agreement shall be construed to be, or shall be, a waiver of any other breach of this Agreement. No waiver shall be binding unless in writing and signed by the party waiving the breach.

13. Section Headings. Section and other headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

14. Arbitration. Any dispute or controversy arising out of interpretation or enforcement of this Agreement shall be resolved pursuant to the terms set forth in Section 14 and Section 15 of the Employment Agreement.

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The undersigned have read and understand the consequences of this Agreement and voluntarily sign it. The undersigned declare under penalty of perjury under the laws of the State of Colorado that the foregoing is true and correct.

EXECUTED this 10th day of August 2005, at Arapahoe County, Colorado.

“Snyder”

/s/ MICHAEL SNYDER

Michael Snyder

EXECUTED this 10th day of August 2005, at Arapahoe County, Colorado.

“Company”

RED ROBIN GOURMET BURGERS, INC.

By /s/ DENNIS B. MULLEN

Dennis B. Mullen
Director and Authorized Signatory

RED ROBIN INTERNATIONAL, INC.

By /s/ DENNIS B. MULLEN

Dennis B. Mullen
Authorized Signatory

SCHEDULE I

OPTION SCHEDULE

Grant Date	Strike Price	Options Vested As of August 31, 2005	Options Unvested As Of August 31, 2005
1/29/2003	\$14.98	38,750	21,250
1/28/2004	\$26.81	23,750	36,250
6/02/2004	\$27.20	5,833	14,167
4/14/2005	\$51.75	0	20,000

RESIGNATION AND GENERAL RELEASE AGREEMENT

This Resignation and General Release Agreement (the "Agreement") is made as of August 10, 2005 by and among James P. McCloskey ("McCloskey") on the one hand, and Red Robin Gourmet Burgers, Inc. and Red Robin International, Inc. on the other hand (collectively, the "Company").

RECITALS

- A. WHEREAS, McCloskey serves as Senior Vice-President of the Company;
- B. WHEREAS, McCloskey desires to resign from employment with the Company; and
- C. WHEREAS, McCloskey and the Company desire to provide for an orderly transition of McCloskey's duties and responsibilities; and
- D. WHEREAS, McCloskey and the Company mutually desire to set forth the parties' rights and obligations upon McCloskey's resignation.

NOW, THEREFORE, in consideration of the above recitals and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, and intending to be legally bound, McCloskey and the Company voluntarily agree as follows:

1. **Resignation.** McCloskey hereby voluntarily resigns as Senior Vice President and as an Executive Officer of the Company and any parents or subsidiaries, effective as of the date of this Agreement, and resigns as an employee of the Company effective as of the close of the Company's business on August 31, 2005 ("**Resignation Date**"). McCloskey shall be entitled to receive his salary, accrued vacation and other benefits customarily provided to employees of the Company through the Resignation Date at the rates in effect on the date hereof. Except as otherwise provided in this Agreement, all benefits of employment shall cease as of the Resignation Date.

2. **Stock Options.** The Company has previously granted stock options to McCloskey to purchase shares of the Company's common stock (the "Stock Options"). As of the Resignation Date (and after giving effect to McCloskey's resignation pursuant to Section 1), the Stock Options will be outstanding and unvested as to an aggregate of 29,687 shares of the Company's common stock (the "Unvested Options") and the Stock Options will be outstanding and vested as to an aggregate of 20,313 shares of the Company's common stock (the "Vested Options"), all as set forth in more detail in the Stock Option summary attached hereto as Schedule I. The Unvested and the Vested Options shall be, and hereby are, terminated on the Resignation Date, and McCloskey shall have no further rights with respect thereto or in respect thereof.

3. **Release.** In consideration of the covenants undertaken herein by the Company, and except for those obligations created by or arising out of this Agreement, McCloskey, on his own behalf and on behalf of his descendants, dependents, heirs, executors,

administrators, assigns and successors, does hereby covenant not to sue and acknowledges full and complete satisfaction of and hereby releases, absolves and discharges the Company and its heirs, successors and assigns, parent, subsidiaries, divisions and affiliated corporations, past and present, as well as its and their trustees, directors, officers, agents, attorneys, insurers and employees, past and present, and each of them (hereinafter collectively referred to as "Releasees"), with respect to and from any and all claims, demands, liens, agreements, contracts, covenants, actions, suits, causes of action, wages, obligations, debts, expenses, attorneys' fees, damages, judgments, orders and liabilities of whatever kind or nature in law, equity or otherwise, whether now known or unknown, suspected or unsuspected, and whether or not concealed or hidden, which McCloskey now owns or holds or has at any time heretofore owned or held as against said Releasees, or any of them, arising out of or in any way connected with his employment relationship with the Company, or his separation as an employee and officer, or any other transactions, occurrences, acts or omissions or any loss, damage or injury whatever, known or unknown, suspected or unsuspected, resulting from any act or omission by or on the part of said Releasees, or any of them, committed or omitted prior to the date of this Agreement, including specifically but without limiting the generality of the foregoing, any claim under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, and the Family and Medical Leave Act, provided, however, that the foregoing release by McCloskey shall not extend to any rights McCloskey may have in the future to (i) indemnification under the Company's certificate of incorporation or bylaws, law or agreement or (ii) any coverage to which McCloskey may be entitled under Company's Director and Officer insurance policies.

4. Waiver of Unknown Claims. It is the intention of McCloskey in executing this instrument that the same shall be effective as a bar as to each and every claim, demand and cause of action hereinabove specified including unknown claims. In furtherance of this intention, McCloskey hereby expressly waives any and all rights or benefits conferred by any federal, state or local statute regarding release of unknown or unsuspected claims.

5. No Transferred Claims. McCloskey warrants and represents that he has not heretofore assigned or transferred to any person not a party to this Agreement any released matter or any part or portion thereof and McCloskey shall defend, indemnify and hold harmless the Company from and against any claim (including the payment of attorneys' fees and costs actually incurred whether or not litigation is commenced) based on or in connection with or arising out of any such assignment or transfer made, purported or claimed.

6. Non-Disparagement. McCloskey agrees that he shall not directly or indirectly, make or ratify any statement, public or private, oral or written, to any person that disparages, either professionally or personally, the Company or its parents, subsidiaries and affiliates, past and present, and each of them, as well as its and their trustees, directors, officers, agents, attorneys, insurers, employees, stockholders, representatives, assigns, and successors, past and present, and each of them.

7. Confidential Information. McCloskey recognizes and acknowledges that, through association with the Company, he has had access to Trade Secret-Confidential Information of a technical or business nature relating to the business of the Company, which is not known to the industry at large. Trade Secret-Confidential Information is defined to include, without limitation, specialized business methods, techniques, plans and know-how relating to the

Company, financial information relating to the Company, franchisee information, including without limitation franchisee lists, Company files, other nonpublic information concerning present, past or potential business concepts; methods for developing and maintaining business relationships; and techniques and data of the Company, and methods or practices of doing business used by the Company. McCloskey recognizes that this Trade Secret-Confidential Information constitutes a valuable and unique asset of the Company, developed and perfected over considerable time and at substantial expense to the Company. McCloskey shall not disclose, without the written consent of the Company or as compelled by law, to any person, firm, partnership, association or corporation such Trade Secret-Confidential Information, and McCloskey agrees to hold such Trade Secret-Confidential Information in trust for the sole benefit of the Company. McCloskey shall not, for the direct or indirect benefit of himself or another: (1) take with him, without the written consent of the Company, any lists of business opportunities or potential franchise opportunities, pricing lists, or other documents, computer software, electronically-stored data, recordings, master videotapes of any of the foregoing, or any other Trade Secret-Confidential Information relating to the Company; or (2) reconstruct the same or similar information from memory or from some other source associated with the Company.

8. Complete Agreement. This Agreement constitutes and contains the entire agreement and understanding concerning McCloskey's employment with the Company, Separation as an employee and officer, and the other subject matters addressed herein between the parties, and supersedes and replaces all prior negotiations and all agreements proposed or otherwise, whether written or oral, concerning the subject matter hereof. This is an integrated document.

9. Severability. 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.

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

11. Waiver. No waiver of any breach of any term or provision of this Agreement shall be construed to be, or shall be, a waiver of any other breach of this Agreement. No waiver shall be binding unless in writing and signed by the party waiving the breach.

12. Section Headings. Section and other headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

13. Arbitration. Any dispute or controversy arising out of interpretation or enforcement of this Agreement shall be settled exclusively by arbitration with JAMS in Arapahoe County, Colorado, in accordance with the rules of JAMS then in effect; provided, however, that nothing contained herein shall preclude any party from seeking injunctive relief from a court of competent jurisdiction to enforce the terms of this Agreement. If JAMS is unable

or unwilling to provide arbitration services in such an instance, the arbitration will be conducted through AAA. Judgment may be entered on the arbitrator's award in any court having jurisdiction and reasonable attorneys' fees will be awarded to the prevailing party.

The undersigned have read and understand the consequences of this Agreement and voluntarily sign it. The undersigned declare under penalty of perjury under the laws of the State of Colorado that the foregoing is true and correct.

EXECUTED this 10th day of August 2005, at Arapahoe County, Colorado.

“McCloskey”

/s/ JAMES P. MCCLOSKEY

James P. McCloskey

EXECUTED this 10th day of August 2005, at Arapahoe County, Colorado.

“Company”

RED ROBIN GOURMET BURGERS, INC.

By /s/ DENNIS B. MULLEN

Its Director and Authorized Signatory

RED ROBIN INTERNATIONAL, INC.

By /s/ DENNIS B. MULLEN

Its Authorized Signatory

SCHEDULE I

OPTION SCHEDULE

<u>Grant Date</u>	<u>Strike Price</u>	<u>Options Vested As of August 31, 2005</u>	<u>Options Unvested As of August 31, 2005</u>
1/29/2003	\$14.98	12,917	7,083
1/28/2004	\$26.81	5,938	9,062
6/02/2004	\$27.20	1,458	3,542
4/14/2005	\$51.75	0	10,000

**Red Robin Gourmet Burgers Reports Unaudited Financial Results for the
Second Quarter Ended July 10, 2005, Provides Guidance for Third Quarter
and Updates Full Year 2005**

Greenwood Village, CO — (BUSINESS WIRE) — August 11, 2005 – Red Robin Gourmet Burgers, Inc. (Nasdaq: RRGB), the casual dining company that serves up fun, feel-good experiences by offering its guests an imaginative selection of high-quality gourmet burgers and innovative menu items in a family-friendly environment, today reported unaudited financial results for the twelve and twenty-eight weeks ended July 10, 2005, as well as provided updated guidance for third quarter and full year 2005. The Company also announced today, in a separate release, certain management changes.

Financial and Operational Highlights

Highlights for the second quarter of 2005 compared to the same quarter last year are as follows and include the reporting change related to restaurant revenues as discussed below:

- Total revenues increased 23.4% to \$114.1 million
- Company-owned comparable restaurant sales increased 4.8%
- Restaurant-level operating profit increased 25.4% to \$24.0 million
- Income from operations increased 34.0% to \$12.1 million
- Diluted earnings per share increased 28.6% to \$0.45

Highlights for the twenty-eight weeks ended July 10, 2005 compared to the twenty-eight weeks ended July 11, 2004 are as follows and include the reporting change related to restaurant revenues as discussed below:

- Total revenues increased 23.0% to \$255.3 million
- Company-owned comparable restaurant sales increased 5.3%
- Restaurant-level operating profit increased 27.6% to \$53.2 million
- Income from operations increased 46.1% to \$25.1 million
- Diluted earnings per share increased 43.1% to \$0.93

“We believe our second quarter performance reflects the special appeal of our concept to women, teens and tweens as well as the exceptional guest experiences being created by our crew. Although our top-line was inline with our prior guidance, we exceeded our earnings expectations thanks to overall margin improvement. It was an outstanding effort for which the entire Red Robin team can all be proud,” said Eric Houseman, President and Chief Operating Officer.

During the second quarter, Red Robin opened three new company-owned restaurants, for a total of 11 new company-owned restaurants through July 10, 2005. Our franchisees opened four new restaurants in the second quarter, increasing year-to-date franchise openings to nine. One franchise unit was closed during the second quarter. As of the end of our second quarter there were 148 company-owned and 126 franchised Red Robin restaurants.

Second Quarter Results

Comparable restaurant sales increased 4.8% for company-owned restaurants in the second quarter of 2005 compared to second quarter 2004, driven by a 2.2% increase in guest counts and a 2.6% increase in the average guest check. Comparable sales in the second quarter of 2005 for franchise restaurants in the U.S. and Canada increased 3.8% and 6.7% over second quarter 2004, respectively.

Total Company revenues, which include company-owned restaurant sales and franchise royalties and fees, increased 23.4% to \$114.1 million in the second quarter of 2005, compared to \$92.5 million in last year's second quarter. Average weekly comparable sales for company-owned restaurants were \$64,655 for the second quarter of 2005, compared to \$61,670 for the same quarter a year ago.

The Company's franchise royalties and fees increased \$399,700, or 14.2%, in the second quarter of 2005, compared to the same period a year ago. This increase was primarily attributable to royalties generated from the 26 franchise restaurants opened in 2004 and 2005. For the second quarter, Red Robin's franchise system reported an increase in total U.S. franchise restaurant sales of 16.9%, to \$75.8 million, compared to \$64.8 million in the prior year period. Average weekly sales in the second quarter for Red Robin's comparable franchise restaurants were \$59,348 in the U.S. versus \$57,158 for the same period last year, and \$44,651 in Canada versus \$41,829 for the same period last year. Canadian results are in Canadian dollars.

Net income for the second quarter of 2005 was \$7.4 million or \$0.45 per diluted share, compared to net income of \$5.7 million or \$0.35 per diluted share in the prior year period.

Year-to-Date Results

Comparable restaurant sales increased 5.3% for company-owned restaurants in the twenty-eight weeks ended July 10, 2005, over the year ago comparable period, driven by a 2.5% increase in guest counts and a 2.8% increase in the average guest check. Comparable sales in the twenty-eight weeks ended July 10, 2005 for franchise restaurants in the U.S. and Canada increased 5.7% and 5.1%, respectively, over the year ago comparable period.

Total Company revenues, which include company-owned restaurant sales and franchise royalties and fees, increased 23.0% to \$255.3 million for the twenty-eight weeks ended July 10, 2005, compared to \$207.5 million for the twenty-eight weeks ended July 10, 2004. Average weekly comparable sales for company-owned restaurants were \$64,213 for the twenty-eight weeks ended July 10, 2005, compared to \$60,963 for the twenty-eight weeks ended July 11, 2004.

The Company's franchise royalties and fees for the twenty-eight weeks ended July 10, 2005 increased \$1.2 million, or 19.1%, compared to the same period a year ago. This increase was primarily attributable to royalties generated from the franchise restaurants opened in 2004 and 2005. For the twenty-eight weeks ended July 10, 2005, Red Robin's franchise system reported an increase in total U.S. franchise restaurant sales of 22.8%, to \$172.7 million, compared to \$140.6 million in the twenty-eight weeks ended July 11, 2004. Average weekly sales in the twenty-eight weeks ended July 10, 2005 for Red Robin's comparable franchise restaurants were \$59,071 in

the U.S. versus \$55,903 for the same period last year, and \$42,994 in Canada versus \$40,892 for the same period last year. Canadian results are in Canadian dollars.

Net income for the twenty-eight weeks ended July 10, 2005 was \$15.4 million or \$0.93 per diluted share, compared to net income of \$10.6 million or \$0.65 per diluted share in the prior year period.

The Company's restaurant-level operating profit metric does not represent operating income or net income calculated in accordance with generally accepted accounting principles (GAAP). Schedule 1 of this earnings release reconciles restaurant-level operating profit to income from operations and net income for all periods presented.

Outlook

For the third quarter ending on October 2, 2005, the Company expects total revenues of approximately \$113 to \$115 million and net income of approximately \$0.28 to \$0.30 per diluted share. These projected results are based upon certain assumptions, including an expected comparable restaurant sales increase of 2.0% to 3.0%, the opening of four new company-owned restaurants during the quarter and the expensing of the associated pre-opening costs.

For full year 2005, the Company expects revenues of approximately \$487 to \$491 million and net income of \$1.64 to \$1.67 per diluted share. This estimate assumes a comparable restaurant sales increase of 4.0% to 5.0%, the addition of 26 new corporate restaurants and 15 to 17 new franchise restaurants during fiscal 2005.

Our projected results for the third quarter ending October 2, 2005 and for full year 2005 include a non-cash charge of approximately \$2.8 million (\$1.8 million net of tax) or approximately \$0.11 per share. During September 2002, the Company's board of directors approved accelerated vesting of approximately 400,000 stock options that were originally granted in May 2000 to Messieurs Snyder and McCloskey. This acceleration effectively modified these awards and revalued these awards based upon the fair value of the underlying stock at the time of the modification. The departure of Mr. Snyder and Mr. McCloskey in the third quarter of 2005 will require the recognition of the \$1.8 million stock compensation cost, net of tax, related to the modification.

Investor Conference Call and Webcast

Red Robin will host an investor conference call to discuss its second quarter results on Thursday, August 11, 2005, at 5:00 p.m. ET. The conference call number is (800) 565-5442 and the Company will broadcast its conference call over the Internet. To access the broadcast, please visit www.redrobin.com and select the "Investors" link from the menu. The quarterly financial information that we intend to discuss during the conference call is included in this press release and will be available on the "Investors" link of the Company's website at www.redrobin.com for 12 months following the conference call. To listen to a webcast replay of the conference call and to access any additional financial information that may be discussed on the call, please visit the "Investors" link of the Company's website at www.redrobin.com. The webcast replay will be available for 12 months following the conference call.

About Red Robin Gourmet Burgers

Red Robin Gourmet Burgers (www.redrobin.com) is a casual dining restaurant chain that serves an imaginative selection of high quality gourmet burgers to America's families, particularly women, teens and tweens. Red Robin serves gourmet burgers in a variety of recipes with bottomless fries, as well as many other items including salads, soups, appetizers, entrees, desserts, and its signature Mad Mixology[®] specialty beverages. There are more than 275 Red Robin locations across the United States and Canada, including both company-owned locations and those operated under franchise or license agreements.

Forward-Looking Statements

Certain information contained in this press release includes forward-looking statements. 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 “may,” “will,” “anticipates,” “expects,” “believes,” “intends,” “should” or comparable terms or the negative thereof. All forward-looking statements included in this press release are based on information available to us on the date hereof. Such statements speak only as of the date hereof. These statements involve risks and uncertainties that could cause actual results to differ materially from those described in the statements. These risks and uncertainties include, but are not limited to, the following: our ability to achieve and manage our planned expansion; our ability to raise capital in the future; the ability of our franchisees to open and manage new restaurants; our franchisees’ adherence to our practices, policies and procedures; changes in the availability and costs of food; potential fluctuation in our quarterly operating results due to seasonality and other factors; the continued service of key management personnel; the concentration of our restaurants in the Western United States; our ability to protect our name and logo and other proprietary information; changes in consumer preferences, general economic conditions or consumer discretionary spending; health concerns about our food products and food preparation; our ability to attract, motivate and retain qualified team members; the impact of federal, state or local government regulations relating to our team members or the sale of food or alcoholic beverages; the impact of litigation; the effect of competition in the restaurant industry; cost and availability of capital; additional costs associated with compliance, including the Sarbanes-Oxley Act and related regulations and requirements; the effectiveness of our internal controls over financial reporting; future changes in financial accounting standards; and other risk factors described from time to time in SEC reports filed by Red Robin.

For further information contact:
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RED ROBIN GOURMET BURGERS, INC.
Condensed Consolidated Balance Sheets
(In thousands, except share amounts)
(Unaudited)

	<u>July 10, 2005</u>	<u>December 26, 2004</u>
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 7,030	\$ 4,980
Accounts receivable, net	2,715	2,345
Inventories	5,885	5,422
Prepaid expenses and other current assets	2,620	4,401
Income tax refund receivable	—	1,779
Deferred tax asset	1,605	1,605
Restricted current assets – marketing funds	1,201	1,145
	<u>21,056</u>	<u>21,677</u>
Property and equipment, net	233,786	205,304
Deferred tax asset	1,450	1,468
Goodwill	25,720	25,720
Other intangible assets, net	7,393	7,584
Other assets, net	2,213	2,748
	<u>\$291,618</u>	<u>\$ 264,501</u>
Liabilities and Stockholders' Equity:		
Current Liabilities:		
Trade accounts payable	\$ 13,216	\$ 9,759
Accrued payroll and payroll related liabilities	15,748	14,637
Unredeemed gift certificates	3,532	5,646
Accrued liabilities	8,419	7,241
Accrued liabilities – marketing funds	1,201	1,145
Current portion of debt and capital lease obligations	34,742	3,148
	<u>76,858</u>	<u>41,576</u>
Deferred rent payable	14,111	13,378
Long-term debt and capital lease obligations	10,818	44,595
Other non-current liabilities	3,766	3,219
Commitments and contingencies		
Stockholders' Equity:		
Common stock; \$.001 par value: 30,000,000 shares authorized; 16,305,688 and 16,146,486 shares issued and outstanding as of July 10, 2005 and December 26, 2004, respectively	16	16
Preferred stock; \$.001 par value: 3,000,000 shares authorized; no shares issued and outstanding	—	—
Additional paid-in capital	130,424	125,685
Deferred stock compensation	(25)	(50)
Receivables from stockholders/officers	—	(4,155)
Accumulated other comprehensive loss, net of tax	27	—
Retained earnings	55,623	40,237
	<u>186,065</u>	<u>161,733</u>
Total liabilities and stockholders' equity	<u>\$291,618</u>	<u>\$ 264,501</u>

RED ROBIN GOURMET BURGERS, INC.
Condensed Consolidated Statements of Income
(In thousands, except per share data)
(Unaudited)

	Twelve-Weeks Ended		Twenty-Eight Weeks Ended	
	July 10, 2005	July 11, 2004	July 10, 2005	July 11, 2004
Revenues:				
Restaurant	\$110,832	\$89,601	\$ 247,815	\$ 201,189
Franchise royalties and fees	3,210	2,811	7,287	6,121
Rent revenue	62	61	211	197
Total revenues	114,104	92,473	255,313	207,507
Costs and expenses:				
Restaurant operating costs:				
Cost of sales	26,113	21,322	58,593	48,115
Labor	37,567	30,358	83,468	68,843
Operating	16,318	13,096	36,927	29,629
Occupancy	6,789	5,648	15,640	12,929
Depreciation and amortization	5,957	4,817	13,243	10,715
General and administrative	8,296	7,095	19,520	17,517
Pre-opening costs	992	1,127	2,812	2,575
Total costs and expenses	102,032	83,463	230,203	190,323
Income from operations	12,072	9,010	25,110	17,184
Interest expense, net	705	505	1,519	1,238
Other	17	(207)	63	(169)
Income before income taxes	11,350	8,712	23,528	16,115
Provision for income taxes	3,927	3,033	8,142	5,526
Net income	\$ 7,423	\$ 5,679	\$ 15,386	\$ 10,589
Earnings per share:				
Basic	\$ 0.46	\$ 0.35	\$ 0.95	\$ 0.66
Diluted	\$ 0.45	\$ 0.35	\$ 0.93	\$ 0.65
Weighted average shares outstanding:				
Basic	16,255	16,007	16,199	15,985
Diluted	16,679	16,302	16,619	16,301

Revenue Reporting Change

The Company has changed the manner in which it reports costs relating to complimentary employee meals. This change has no effect on net income. Historically, the Company has reported the complimentary portion of team member meals as restaurant revenues, with an offsetting operating expense reported in restaurant labor and general and administrative costs. The Company will now report the complimentary portion of team member meals as a contra-revenue. This change results in a decrease in restaurant revenues and a corresponding decrease in restaurant labor and general and administrative costs. All amounts reported throughout this press release have been adjusted to reflect this change in reporting, including our outlook for the third quarter and full year 2005. The impact on the periods presented above is as follows: For the twelve weeks ended July 10, 2005, restaurant revenues decreased by \$1.6 million, or 1.4%, and restaurant labor costs and general and administrative decreased by \$1.5 million and \$67,600, respectively. For the twelve weeks ended July 11, 2004, restaurant revenues decreased by \$1.3 million, or 1.4%, and restaurant labor costs and general and administrative decreased by \$1.3 million and \$56,300, respectively. For the twenty-eight weeks ended July 10, 2005, restaurant revenues decreased by \$3.5 million, or 1.4%, and restaurant labor costs and general and administrative decreased by \$3.4 million and \$141,100, respectively. For the twenty-eight weeks ended July 11, 2004, restaurant revenues decreased by \$2.9 million, or 1.4%, and restaurant labor costs and general and administrative decreased by \$2.9 million and \$126,700, respectively.

RED ROBIN GOURMET BURGERS, INC.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Twenty-Eight Weeks Ended	
	July 10, 2005	July 11, 2004
Cash Flows From Operating Activities:		
Net income	\$ 15,386	\$ 10,589
Non-cash adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	13,243	10,715
Other	2,728	79
Changes in operating assets and liabilities	5,889	7,378
Net cash flows provided by operating activities	37,246	28,761
Cash Flows From Investing Activities:		
Proceeds from sales of real estate, property and equipment	—	1,102
Purchases of property and equipment	(39,377)	(35,351)
Net cash flows used in investing activities	(39,377)	(34,249)
Cash Flows From Financing Activities:		
Borrowings of debt	9,301	8,849
Payments of debt and capital lease obligations	(11,621)	(5,157)
Repayment of stockholders/officers notes	3,600	53
Proceeds from exercise of stock options and employee stock purchase plan	2,901	912
Net cash flows provided by financing activities	4,181	4,657
Net increase (decrease) in cash and cash equivalents	2,050	(831)
Cash and cash equivalents, beginning of period	4,980	4,871
Cash and cash equivalents, end of period	\$ 7,030	\$ 4,040
Supplemental Disclosure of Cash Flow Information:		
Income taxes paid	\$ 5,696	\$ 1,546
Interest paid, net of amounts capitalized	1,330	1,176
Supplemental Disclosure of Non-Cash Items:		
Purchases of property and equipment on account	\$ 1,760	\$ 4,371
Capital lease obligations incurred for equipment purchases	137	—
Tenant improvement allowance paid directly by landlord to general contractor	—	1,383

Cash Flow Reporting Change

The Company has changed the manner in which it reports its consolidated statements of cash flows to eliminate acquisitions of property and equipment on account, which were previously reported as a component of changes in operating assets and liabilities and purchases of property and equipment in net cash flows provided by operating activities and net cash flows used in investing activities, respectively. There was no impact on net income. These amounts have now been presented as supplemental disclosure of non-cash items. These changes totaled \$1.8 million and \$4.4 million for the twenty-eight weeks ended July 10, 2005 and July 11, 2004, respectively. These amounts will be reported as future cash outflows when the accrued purchases are paid.

**Reconciliation of Restaurant-Level Operating Profit to Income
from Operations and Net Income**

The Company defines restaurant-level operating profit to be restaurant revenues minus restaurant-level operating costs, excluding restaurant closures and impairment costs in the event closure or impairment charges are incurred. It does not include general and administrative costs, depreciation and amortization, franchise development costs and pre-opening costs. The Company believes that restaurant-level operating profit is an important measure of financial performance because it is widely regarded in the restaurant industry as a useful metric by which to evaluate a company's restaurant-level operating efficiency and performance. The Company excludes restaurant closure costs as they do not represent a component of the efficiency of continuing operations. Restaurant impairment costs are excluded, because, similar to depreciation and amortization, they represent a non-cash charge for the Company's investment in its restaurants and not a component of the efficiency of restaurant operations. Restaurant-level operating profit is not a measurement determined in accordance with generally accepted accounting principles ("GAAP") and should not be considered in isolation or as an alternative to income from operations or net income as indicators of financial performance. Restaurant-level operating profit as presented may not be comparable to other similarly titled measures of other companies. The table that follows sets forth the Company's calculation of restaurant-level operating profit and a reconciliation to income from operations and net income, the most directly comparable GAAP measures.

	Twelve Weeks Ended		Twenty-Eight Weeks Ended	
	July 10, 2005	July 11, 2004	July 10, 2005	July 11, 2004
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Restaurant revenues	\$ 110,832	\$ 89,601	\$ 247,815	\$ 201,189
Restaurant operating costs:				
Cost of sales	26,113	21,322	58,593	48,115
Labor	37,567	30,358	83,468	68,843
Operating	16,318	13,096	36,927	29,629
Occupancy	6,789	5,648	15,640	12,929
Restaurant-level operating profit	24,045	19,177	53,187	41,673
Add – other revenues	3,272	2,872	7,498	6,318
Deduct – other operating expenses:				
Depreciation and amortization	5,957	4,817	13,243	10,715
General and administrative	8,296	7,095	19,520	17,517
Pre-opening costs	992	1,127	2,812	2,575
Total other operating expenses	15,245	13,039	35,575	30,807
Income from operations	12,072	9,010	25,110	17,184
Total other expenses	722	298	1,582	1,069
Provision for income taxes	3,927	3,033	8,142	5,526
Total other	4,649	3,331	9,724	6,595
Net income	\$ 7,423	\$ 5,679	\$ 15,386	\$ 10,589

Red Robin Gourmet Burgers Announces Management Changes

Dennis B. Mullen Named as Chairman and Chief Executive Officer; Eric Houseman Appointed as President and Chief Operating Officer; Todd Brighton Named as Senior Vice President and Chief Development Officer

Greenwood Village, CO – (BUSINESS WIRE)—August 11, 2005— Red Robin Gourmet Burgers, Inc. (NASDAQ:RRGB), today announced that it has named restaurant industry veteran Dennis B. Mullen as the Company's Chairman and Chief Executive Officer, and elevated Eric C. Houseman to the position of President and Chief Operating Officer and Todd A. Brighton to the position of Senior Vice President and Chief Development Officer. The Company also announced the retirement of Michael J. Snyder as Chairman of the Board, Chief Executive Officer and President. Mr. Snyder will serve as a consultant to the Company and Mr. Mullen.

Mr. Mullen brings more than 30 years of experience in the restaurant and hospitality industry. He has served as chief executive officer for several restaurant chains, including Cork & Cleaver Restaurants of Denver, Colorado; Pedro Verde's Mexican Restaurants, Inc. of Boulder, Colorado; Garcia's Restaurants, Inc. of Phoenix, Arizona; and BCNW, a franchisee of Boston Chicken, Inc. in Seattle, Washington. Mr. Mullen started his professional career as an accountant with what is now PricewaterhouseCoopers. Since 1970, Mr. Mullen has served as a trustee of the Janus Funds. Mr. Mullen has served on Red Robin's board of directors since 2002.

Mr. Houseman has been associated with Red Robin since 1988, and has served as the Company's Vice President of Restaurant Operations since 2000. Mr. Brighton has been with Red Robin since 2001, serving as the Company's Vice President of Development.

In addition, the Company announced that Edward T. Harvey will continue to serve on the Company's board of directors and has been appointed by the board to serve as Lead Director. Mr. Harvey has been a member of the Company's board of directors since 2000.

The company also announced the resignation of Senior Vice President, James P. McCloskey.

These management and governance changes follow an internal investigation conducted by a special committee of the Company's board of directors relating to use of chartered aircraft and travel and entertainment expenses. The special committee, which retained independent counsel to conduct the investigation, identified various expenses by Mr.

Snyder that were inconsistent with Company policies or that lacked sufficient documentation. Mr. Snyder has agreed to reimburse the Company for such expenses following completion of the special committee's review. The Company has notified the Securities and Exchange Commission of the internal investigation.

The Company believes that the expense amounts involved are not material to the Company's financial position or results of operations. In conjunction with Mr. Snyder's retirement and Mr. McCloskey's resignation, the Company will record a non-cash charge in the third quarter of 2005 of approximately \$2.8 million, or \$1.8 million net of tax, for stock options that were accelerated and exercised in 2002.

"The board of directors of Red Robin responded to the issues raised by our internal investigation, and the board's response reflects our commitment to do what is in the best interests of our stockholders and our brand," said Mr. Mullen. "We have taken appropriate steps to ensure consistent adherence to Company policies and to allow for a smooth and effective transition in management."

About Red Robin Gourmet Burgers

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For further information contact:

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