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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

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FORM 8-K

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CURRENT REPORT

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

Date of Report (Date of earliest event reported): September 1, 2005

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**RED ROBIN GOURMET BURGERS, INC.**

(Exact name of registrant as specified in its charter)

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**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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## 1.01. Entry into a Material Definitive Agreement

On September 7, 2005, Red Robin Gourmet Burgers, Inc. (the "Company") entered into an employment agreement (the "Employment Agreement") with Dennis B. Mullen in connection with Mr. Mullen's appointment as chairman of the board and chief executive officer of the Company. A copy of the Employment Agreement is filed with this report as Exhibit 10.1 and is incorporated herein by reference.

The Employment Agreement provides that Mr. Mullen will receive an annual base salary at the rate of \$625,000, which is subject to review by the board of directors in January 2006 and annually thereafter; provided that the annual base salary may not be reduced below \$625,000. Mr. Mullen is also entitled to receive a one-time signing bonus of \$120,000, and he is eligible to participate in the Company's annual incentive compensation plan to the same extent as other senior executive employees of the Company. For 2005, Mr. Mullen is eligible to receive a bonus under the Company's Annual Incentive Compensation (Bonus) Plan of between 45% and 135% of the amount of base salary actually paid to him in 2005 based on the level of the Company's earnings before interest, taxes, depreciation and amortization (or EBITDA) relative to certain targets that have been set by the Company's board of directors. Seventy-five percent (75%) of Mr. Mullen's total bonus opportunity for fiscal 2005 will be based solely on the Company's achievement of the specified EBITDA levels, and the remaining twenty-five percent (25%) of the total bonus opportunity will be payable in the sole discretion of the compensation committee of the board of directors based on such committee's assessment of Mr. Mullen's achievement of certain personal goals established by the committee.

Mr. Mullen is also entitled under the Employment Agreement to certain other benefits, including a \$1,000 per month car allowance and the right to participate in all savings, retirement, medical, welfare and insurance plans and programs to the same extent as other senior executive employees of the Company. In addition, the Company has agreed to pay or reimburse Mr. Mullen for travel expenses he incurs commuting from Arizona to the Company's headquarters in Denver, Colorado, and to provide Mr. Mullen with the use of a furnished apartment or other comparable housing in Denver. Mr. Mullen's commuting expenses are subject to periodic review for reasonableness by the chairman of the compensation committee of the board of directors. Mr. Mullen may fly on charter or private aircraft to commute from Arizona to Denver, Colorado and otherwise for appropriate business use, subject in each case to his compliance with the Company's expense reimbursement and non-commercial aircraft use policies.

As previously reported by the Company, Mr. Mullen also received an option to purchase 100,000 shares of the Company's common stock at a price of \$45.79 per share. The option was granted under the Company's 2004 Performance Incentive Plan, and otherwise on the terms and conditions set forth in the award agreement between the Company and Mr. Mullen which was filed as an exhibit to the Company's Current Report on Form 8-K (Event Date: August 25, 2005).

The term of the Employment Agreement continues through December 31, 2008; provided, however, that at anytime on or after February 28, 2007, either the Company or Mr. Mullen may, by delivery of written notice to the other party, elect to have the term of the Agreement expire on any date not less than six months from the date on which such notice is delivered. The term of the Employment Agreement is also subject to automatic renewal for a six-month period on December 31, 2008 and each six-month anniversary date thereafter unless one party or the other delivers written notice at least sixty (60) days prior to such date (or anniversary date, as the case may be) of their desire to terminate the Employment Agreement or modify its terms.

The Employment Agreement terminates automatically in the event of Mr. Mullen's death or upon 30 days advance written notice from the Company in the event that he becomes disabled (within the meaning specified in the Employment Agreement). In the event Mr. Mullen's employment terminates on account of his death or disability, Mr. Mullen (or his estate) is entitled to receive his base salary and accrued vacation pay through the date of termination and any compensation previously deferred by Mr. Mullen or due pursuant to any applicable welfare or benefit plans. He or his estate is also entitled to receive under such circumstances a pro rated share of any annual incentive bonus for which he would have otherwise been eligible, determined on the basis of the number of days during which he was employed by the Company during the applicable fiscal year.

The Company may terminate Mr. Mullen's employment at anytime for "cause," which is defined in the Employment Agreement to include, among other things, neglect in the performance of his duties, engaging in certain acts of misconduct (including a violation of the Company's code of ethics or other policies) or failure to follow lawful directives from the board of directors. In the event Mr. Mullen's employment is terminated for cause, he is entitled to receive his base salary and accrued vacation pay through the date of termination.

The Company may also terminate Mr. Mullen's employment without cause with at least 30 days advance written notice. If, prior to the expiration of the stated term of the Employment Agreement, Mr. Mullen's employment is terminated other than on account of his death or disability or other than for cause, then Mr. Mullen is entitled to receive his base salary and accrued vacation pay through the date of termination. In addition, conditioned upon delivering a general release to the Company, Mr. Mullen is also entitled to receive the following payments and benefits:

If such termination is effective before August 31, 2007:

- continued payment for a period of six months following the effective date of termination of his base salary as in effect immediately prior to the date of termination;
- payment of the greater of 50% or a pro rata share (determined on the basis of the number of days during which he was employed by the Company during the applicable fiscal year) of any annual incentive bonus for which he would otherwise have been eligible; and
- payment or reimbursement of the cost of continuing coverage for Mr. Mullen and his spouse under the Company's then existing medical, dental and prescription insurance plans for a period of six months following the effective date of termination.

If such termination becomes effective on or after August 31, 2007:

- continued payment of his base salary then in effect for what would otherwise be the remainder of the then-existing contract term (as such term may be modified under the Employment Agreement);
- payment of a pro rata share (determined on the basis of the number of days during which he was employed by the Company during the applicable fiscal year) of any annual incentive bonus for which he would otherwise be eligible; and
- payment or reimbursement of the cost of continuing coverage for Mr. Mullen and his spouse under the Company's then existing medical, dental and prescription insurance plans for what would otherwise be the remainder of the then-existing contract term (as such term may be modified under the Employment Agreement).

The Employment Agreement contains confidentiality, non-compete and non-interference covenants from Mr. Mullen.

The Company and Eric C. Houseman have entered into a non-qualified stock option agreement in conjunction with Mr. Houseman's appointment as president and chief operating officer. Effective September 1, 2005, the Company awarded Mr. Houseman an option to purchase 15,000 shares of the Company's common stock at a strike price of \$46.22 per share, which was the price of the Company's common stock as of the close of The NASDAQ National Market on such date. The option has a term of 10 years and vests as to 25% of the options granted on September 1, 2006, with the remaining 75% vesting ratably in substantially equal monthly installments over a three-year period beginning October 1, 2006. A copy of Mr. Houseman's non-qualified stock option agreement is filed with this report as Exhibit 10.2 and is incorporated herein by reference.

In addition, the compensation committee of the Company's board of directors approved a new base annual salary for Mr. Houseman of \$250,000. Mr. Houseman will be eligible for an annual incentive bonus for each fiscal year of between 35% to 105% of his annual base salary, subject to the achievement of performance criteria established by the compensation committee.

The Company and Todd A. Brighton have entered into a non-qualified stock option agreement in conjunction with Mr. Brighton's appointment as senior vice president and chief development officer. Effective September 1, 2005, the Company awarded Mr. Brighton an option to purchase 12,500 shares of the Company's common stock at a strike price of \$46.22 per share, which was the price of the Company's common stock as of the close of The NASDAQ National Market on such date. The option has a term of 10 years, and vests as to 25% of the options granted on September 1, 2006, with the remaining 75% vesting ratably in substantially equal monthly installments over a three-year period beginning October 1, 2006. A copy of Mr. Brighton's non-qualified stock option agreement is filed with this report as Exhibit 10.3 and is incorporated herein by reference.

In addition, the compensation committee of the Company's board of directors has approved a new base annual salary for Mr. Brighton of \$225,000. Mr. Brighton will be eligible for an annual incentive bonus for each fiscal year

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of between 35% to 105% of his annual base salary, subject to the achievement of performance criteria established by the compensation committee.

The Company and Michael E. Woods, the senior vice president of franchise development, have entered into a non-qualified stock option agreement. Effective September 1, 2005, the Company awarded Mr. Woods an option to purchase 10,000 shares of the Company's common stock at a strike price of \$46.22 per share, which was the price of the Company's common stock as of the close of The NASDAQ National Market on such date. The option has a term of 10 years, and vests as to 25% of the options granted on September 1, 2006, with the remaining 75% vesting ratably in substantially equal monthly installments over a three-year period beginning October 1, 2006. A copy of Mr. Wood's non-qualified stock option agreement is filed with this report as Exhibit 10.4 and is incorporated herein by reference.

The Company and Robert J. Merullo, the senior vice president of restaurant operations, have entered into a non-qualified stock option agreement. Effective September 1, 2005, the Company awarded Mr. Merullo an option to purchase 10,000 shares of the Company's common stock at a strike price of \$46.22 per share, which was the price of the Company's common stock as of the close of The NASDAQ National Market on such date. The option has a term of 10 years, and vests as to 25% of the options granted on September 1, 2006, with the remaining 75% vesting ratably in substantially equal monthly installments over a three-year period beginning October 1, 2006. A copy of Mr. Merullo's non-qualified stock option agreement is filed with this report as Exhibit 10.5 and is incorporated herein by reference.

In connection with their appointment as directors of the Company as described below in Item 5.02 of this Form 8-K, the Company awarded to each of Mr. Richard J. Howell and Mr. Taylor Simonton an option to purchase 5,000 shares of the Company's common stock at a strike price of \$47.80 per share, which was the price of the Company's common stock as of the close of The NASDAQ National Market on September 6, 2005 (the date of the grant) Each option has a term of 10 years, and vests as to 1/24th of the total number of shares of common stock subject to the option on October 6, 2005. The remaining number of shares of common stock subject to each option shall become vested in 23 substantially equal monthly installments beginning on November 6, 2005.

#### **5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers**

Effective September 6, 2005, the Company's board of directors appointed Richard J. Howell and Taylor Simonton to the board of directors of the Company to fill newly created directorships. A copy of a press release issued September 8, 2005 by the Company announcing these appointments is attached as Exhibit 99.1 to this Report on Form 8-K and is incorporated into this Item 5.02 by reference.

Mr. Howell, 63, has also been appointed to the audit committee and the nominating and governance committee of the Company's board of directors. Mr. Howell was an audit partner with Arthur Andersen LLP for over 25 years before retiring in 2002. During 2004 and 2005, Mr. Howell has been an adjunct professor of auditing at The Cox School of Business at Southern Methodist University, and he served in a similar capacity during 2002 and 2003 at The Neely School of Business, at Texas Christian University. Mr. Howell is a trustee of the LKCM Funds, a group of mutual funds managed by Luther King Capital Management.

Mr. Howell does not have a direct or indirect material interest in any transaction with the Company required to be disclosed pursuant to Item 404(a) of Regulation S-K. There was no arrangement or understanding between Mr. Howell and any other person pursuant to which Mr. Howell was elected to the Board of Directors.

Mr. Simonton, 62, has also been appointed to the audit committee of the Company's board of directors. Mr. Simonton spent his entire career at PricewaterhouseCoopers LLP, including 23 years as an audit partner in the firm's Accounting and Business Advisory Services practice before retiring in 2001. From 2002 through 2004, Mr. Simonton served as the director and treasurer of the Cancer League of Colorado. Mr. Simonton has served since 2001 on the board of directors of Fischer Imaging Corporation, a public company that designs, manufactures and markets specialty medical imaging systems using digital technology, and currently serves as its audit committee chairman.

Mr. Simonton does not have a direct or indirect material interest in any transaction with the Company required to be disclosed pursuant to Item 404(a) of Regulation S-K. There was no arrangement or understanding between Mr. Simonton and any other person pursuant to which Mr. Simonton was elected to the Board of Directors.

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**9.01 Financial Statements and Exhibits****(c) Exhibits**

<b>Exhibit Number</b>	<b>Description</b>
10.1	Dennis B. Mullen, Employment Agreement, dated September 7, 2005.
10.2	Eric C. Houseman option agreement, dated September 1, 2005.
10.3	Todd A. Brighton option agreement, dated September 1, 2005.
10.4	Michael E. Woods option agreement, dated September 1, 2005.
10.5	Robert J. Merullo option agreement, dated September 1, 2005.
99.1	Red Robin Gourmet Burgers, Inc., Press Release, dated September 8, 2005

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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/ John W. Grant

Date: September 8, 2005

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Vice President and General Counsel

**EMPLOYMENT AGREEMENT**

This EMPLOYMENT AGREEMENT (the "Agreement") is made as of this 7th day of September, 2005, by and between RED ROBIN GOURMET BURGERS, INC., a Delaware corporation (the "Company"), and DENNIS B. MULLEN (the "Executive").

**RECITAL**

WHEREAS, the Company, for itself and its wholly owned subsidiary, Red Robin International, Inc., a Nevada corporation ("RRI"), desires to establish the right to the services of the Executive in the capacities described below, on the terms and conditions hereinafter set forth, and the Executive is willing to accept such employment on such terms and conditions.

**AGREEMENT**

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Employment Period. The Company, through RRI, hereby employs the Executive, and the Executive hereby accepts such employment, upon the terms and conditions hereinafter set forth. The term of the Executive's employment hereunder shall be deemed to have commenced on August 11, 2005 (the "Effective Date"), and shall continue through and including December 31, 2008, subject to earlier termination or renewal as provided herein (such term being referred to herein as the "Employment Period"). RRI shall be the "employer" for tax, legal reporting, payroll processing and similar purposes.

2. Position and Duties.

(a) During the Employment Period, the Executive shall be the Chairman and Chief Executive Officer of the Company, with such duties and responsibilities as are assigned to him by the Board of Directors of the Company (the "Board") consistent with his position as Chairman and Chief Executive Officer of the Company.

(b) During the Employment Period, the Executive shall devote substantially all of his skill, knowledge and working time to the business and affairs of the Company and its subsidiaries; provided, however, that the Executive may continue to serve in his current position as Chairman of the Janus Funds. The Executive shall perform his services primarily at the Company's headquarters in Denver, Colorado. The Executive shall use his best efforts to carry out his responsibilities under this Agreement faithfully and efficiently.

(c) In his position as Chairman and Chief Executive Officer, the Executive shall, subject to the oversight of the Board and the "Authorization Limits" established from time to time by the Board, have full authority and responsibility to manage the operation of the Company's restaurants and franchise system, including the hiring and discharge of employees of the Company and its subsidiaries, closing, selling, developing and opening restaurants as contemplated by the annual budget approved by the Board (the "Annual Plan"), establishing and administering the Company's marketing plan,

making improvements in and refurbishing the Company's restaurants consistent with the capital expenditure budget in the Annual Plan, administering and managing the day-to-day operation of the restaurants, granting new franchises and administering and managing the franchise operations consistent with the Annual Plan; provided that without the approval of the Board, the Executive shall not take any major action not contemplated by or consistent with the Annual Plan and the Authority Limits.

### 3. Compensation.

(a) Base Salary. During the Employment Period, the Executive shall receive from the Company an annual base salary ("Annual Base Salary") at the rate of \$625,000, payable in accordance with the Company's and RRI's normal payroll policy. The Executive's Annual Base Salary shall be subject to review by the Board of Directors in January 2006 and annually thereafter during the remainder of the Employment Term; provided, however, that the Executive's Annual Base Salary may not be reduced below \$625,000.

(b) Signing Bonus. The Executive shall be entitled to a one time signing bonus in the amount of \$120,000, which the Company or RRI shall pay to the Executive within five (5) business days after the execution of the Agreement.

(c) Annual Incentive Compensation. In addition to the Annual Base Salary, the Executive shall be eligible to receive a 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 of the Board. For fiscal 2005, the Executive shall be eligible to receive a cash bonus in accordance with the terms set forth on Exhibit A attached hereto

(d) Other Benefits. During the Employment Period: (i) the 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, and (ii) the Executive and/or the 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.

(e) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable travel and other expenses incurred by the Executive in carrying out the Executive's duties under this Agreement, provided that the 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").



(f) Commuting Expenses. During the Employment Period, the Company and RRI shall pay or reimburse the Executive for travel expenses actually incurred by the Executive in commuting between Arizona and Denver, Colorado; provided that the Executive complies with the Expense Policies, and provided further that such expenses shall be subject to review for reasonableness at least quarterly by the chairman of the compensation committee of the Board.

(g) Air Travel. The Executive may fly on charter or private aircraft to commute from Arizona to Denver, Colorado and otherwise for appropriate business use, subject in each case to the Executive's compliance with the Expense Policies and the Company's policy for non-commercial air travel as established by the Board.

(h) Automobile Allowance. During the Employment Period, the Executive shall be paid a car allowance in the gross amount of \$1,000 per month.

(i) Housing. During the Employment Period, the Company or RRI shall provide the Executive with the use of a furnished apartment or other comparable housing in Denver, Colorado.

(j) Options. Effective as of August 25, 2005, the Company granted to the Executive a nonqualified stock option (the "Option") to purchase One Hundred Thousand (100,000) shares of Common Stock of the Company at \$45.79 per share, representing the last price furnished by the National Association of Securities Dealers, Inc. (the "NASD") through the NASDAQ National Market Reporting System on such date. The Option was granted under the Company's 2004 Performance Incentive Plan, and otherwise on the terms and conditions set forth in the award agreement between the Company and the Executive.

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

#### 4. Termination.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death. If the Company determines in good faith that the Disability of the Executive has occurred, it may give to the Executive written notice of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive, provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of his duties.

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

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

(d) Expiration of Stated Term. Unless earlier terminated pursuant to the preceding subparagraphs of this Section 4, the Executive's employment shall otherwise terminate automatically upon the expiration of the stated term of this Agreement (as such term may be extended or reduced pursuant to Section 5 below).

(e) Obligations of the Company Upon Termination.

(i) Death or Disability. If the Executive's employment is terminated by reason of the Executive's Death or Disability, this Agreement shall terminate without further obligations to the Executive or his legal representatives under this Agreement, other than for (A) payment of the sum of (1) the Executive's Annual Base Salary through the date of termination to the extent not theretofore paid, and (2) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1) and (2) shall be hereinafter referred to as the "Accrued Obligations"), which Accrued Obligations shall be paid to the Executive or his estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the date of termination; (B) payment on the next bonus payment date immediately following the effective date of termination of a pro rata share (determined on the basis of the number of days during which the Executive was employed by the Company during the applicable fiscal year prior to the effective date of termination) of the bonus that would otherwise be payable pursuant to Section 3(c) hereof had the Executive continued to be employed by the Company on such bonus payment date; and (C) payment to the Executive or his estate or beneficiary, as applicable, of any amounts due pursuant to the terms of any applicable welfare benefit plans.

(ii) Cause. If the Executive's employment is terminated by the Company for Cause, this Agreement shall terminate without further obligations to the Executive other than for the timely payment of Accrued Obligations through the date of termination. If it is subsequently determined that the Company did not have Cause for termination pursuant to Section 4(b) hereof, then the Company's decision to terminate shall be deemed to have been made under Section 4 (c) hereof, and the amounts payable under Section 4(e)(iii) hereof shall be the only amounts the Executive may receive on account of his termination.

(iii) Other than Cause or Death or Disability. If, prior to the expiration of the stated term of this Agreement (as such term may be extended or reduced pursuant to Section 5 below), the Company terminates the Executive's employment for any reason other than for Cause or other than by reason of the Executive's Death or Disability, this Agreement shall terminate without further obligations to the Executive other than:

(A) if such termination is effective before August 31, 2007: (1) the timely payment of Accrued Obligations through the effective date of termination; (2) continued payment for a period of six months following the effective date of termination of the Executive's Annual Base Salary as in effect immediately prior to the date of termination (such payments to be made in accordance with the Company's normal payroll practices); (3) on the next bonus payment date immediately following the effective date of termination, payment of the greater of 50% or a pro rata share (determined on the basis of the number of days during which the Executive was employed by the Company during the applicable fiscal year prior to the effective date of termination) of the bonus that would otherwise be payable pursuant to Section 3(c) hereof had the Executive continued to be employed by the Company on such bonus payment date, subject in each case of the benefits in clauses (1), (2) and (3) to standard withholdings and other authorized deductions; and (4) payment (or reimbursement to the Executive) of the cost of continuing coverage for the Executive and his spouse under the Company's and RRI's then existing medical, dental and prescription insurance plans for a period of six (6) months following the effective date of termination (provided that during any period when the Executive is eligible to receive such benefits under another employer-provided plan, the benefits provided under this clause (4) may be made secondary to those provided under such other plan);

(B) if such termination becomes effective on or after August 31, 2007: (1) the timely payment of Accrued Obligations through the effective date of termination; (2) continued payment for what would have otherwise been the remainder of the then-existing employment term and any then-effective renewal term (as determined pursuant to Section 5 hereof) of the Executive's Annual Base Salary as in effect immediately prior to the date of termination (such payments to be made in accordance with the Company's normal payroll practices); (3) on the next bonus payment date immediately following the effective date of termination, payment of a pro rata share (determined on the basis of the number of days during which the Executive was employed by the Company during the applicable fiscal year prior to the effective date of termination) of the bonus that would otherwise be payable pursuant to Section 3(c) hereof had the Executive continued to be employed by the Company on such bonus payment date, subject in each case of the benefits in clauses (1), (2) and (3) to standard withholdings and other authorized deductions; and (4) payment (or reimbursement to the Executive) of the cost of continuing coverage for the Executive and his spouse under the Company's and RRI's then existing medical, dental and prescription insurance plans for what would have otherwise been the remainder of the then-existing employment term and any then-effective renewal term as determined pursuant to Section 5 hereof (provided that during any period when the Executive is eligible to receive such benefits under another employer-

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provided plan, the benefits provided under this clause (4) may be made secondary to those provided under such other plan); provided, however, that as conditions precedent to receiving the payments and benefits provided for in this Section 4(e)(iii) (other than payment of the Accrued Obligations, the Executive shall first execute and deliver to the Company and RRI a general release agreement substantially in the form attached hereto as Exhibit B, and all rights of the Executive thereunder or under applicable law to rescind or revoke the release shall have expired.

(iv) Expiration of Stated Term. In the event that the Executive's employment is otherwise terminated by reason of the expiration of the term of this Agreement (as such term may be extended or reduced pursuant to Section 5 below), the Company shall have no further obligations to the Executive other than for (A) the timely payment of Accrued Obligations through the date of termination; (B) payment on the next bonus payment date immediately following the effective date of termination of a pro rata share (determined on the basis of the number of days during which the Executive was employed by the Company during the applicable fiscal year prior to the effective date of termination) of the bonus that would otherwise be payable pursuant to Section 3(c) hereof had the Executive continued to be employed by the Company on such bonus payment date; and (C) payment to the Executive of any amounts due pursuant to the terms of any applicable welfare benefit plans.

(v) Exclusive Remedy. The Executive agrees that the payments contemplated by this Section 4(e) shall constitute the exclusive and sole remedy for any termination of his employment, and the 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(e)(v) shall prevent the Executive from otherwise challenging in a subsequent arbitration proceeding a determination by the Company that it was entitled to terminate the Executive's employment hereunder for Cause.

(f) Survival of Certain Obligations Following Termination. Notwithstanding any other provision contained in this Agreement, the provisions in Sections 6 through 19 of this Agreement shall survive any termination of the Executive's employment hereunder (but shall be subject to the Executive's right to receive the payments and benefits provided under this Section 4).

#### 5. Stated Term; Renewal.

(a) Subject to earlier termination pursuant to Section 4 above or modification pursuant to this Section 5, the term of this Agreement shall be deemed to have commenced as of the Effective Date and shall continue through December 31, 2008. Notwithstanding the foregoing sentence, at anytime on or after February 28, 2007, either the Company or the Executive may, by delivery of written notice to the other party, elect to have the term of this

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Agreement expire as of any date which is not less than six months from the date such notice is delivered to the other party.

(b) Subject to earlier termination pursuant to Section 4 above or the preceding subparagraph (a) of this Section 5, effective upon December 31, 2008 and each six-month anniversary date thereafter, the term of this Agreement shall be automatically renewed for an additional six (6) month period unless one party or the other gives notice, in writing, at least sixty (60) days prior to such date (or anniversary date, as the case may be) of their desire to terminate the Agreement or modify its terms.

6. Confidential Information. The Executive shall not disclose to any person or entity or use, any information not in the public domain, in any form, acquired by the 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 the Executive's knowledge, has been acquired, directly or indirectly, from any person or entity owing a duty of confidentiality to the Company or RRI, relating to the Company or its business. The 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 the Executive shall on request return to the Company the originals and all copies of any such information provided to or acquired by the 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 the Executive during the course of such association.

7. Covenant Not to Compete. The Executive agrees that, for the period commencing on the Effective Date and ending on the second anniversary of the date of termination of employment, including due to expiration of the Employment Period (the "Restrictive Period"), the Executive shall not, in the Territory (hereinafter defined), directly or indirectly, either for himself or for, with or through any other Person, own, manage, operate, control, be employed by, participate in, loan money to or be connected in any manner with, or permit his name to be used by, any business that, in the reasonable judgment of the Board, competes with the Company and its subsidiaries in the casual dining restaurant business (a "Competitive Activity"). In making its judgment as to whether any business is engaged in a Competitive Activity, the Board shall act in good faith, and shall first provide the Executive with a reasonable opportunity to present such information as the 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 or in the NASD National Market (a "Public Company")). "Territory" means North America and the territories of the United States in the Caribbean, including Puerto Rico.

8. No Interference. During the Restrictive Period, the Executive shall not, without the prior written approval of the Company, directly or indirectly through any other Person (i) induce or attempt to induce any employee of the Company or RRI at the level of assistant store manager or higher to leave the employ of the Company or RRI, or in any way interfere with the relationship between the Company or RRI and any employee thereof, (ii) hire any Person

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who was an employee of the Company or RRI at the level of assistant store manager or higher within twelve months after such Person's employment with the Company or RRI was terminated for any reason or (iii) induce or attempt to induce any supplier or other business relation of the Company or RRI to cease doing business with the Company or RRI, or in any way interfere with the relationship between any such supplier or business relation and the Company or RRI.

9. Return of Documents. In the event of the termination of the Executive's employment for any reason, the Executive shall deliver to the Company all of (i) the property of the Company or any of its subsidiaries, and (ii) non-personal documents and data of any nature and in whatever medium of the Company or any of its subsidiaries, and he shall not take with him any such property, documents or data or any reproduction thereof, or any documents containing or pertaining to any Confidential Information.

10. Reasonableness of Restrictions. The Executive agrees that the covenants set forth in Sections 6, 7, 8 and 9 are reasonable with respect to their duration, geographical area and scope. In the event that any of the provisions of Sections 6, 7, 8, and 9 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.

11. Injunctive Relief. The parties hereto agree that the Company would suffer irreparable harm from a breach by the 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 the 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 the Executive from engaging in activities prohibited hereby or such other relief as may be required to specifically enforce any of the covenants contained herein.

12. 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 the Executive shall be found by a court to have been in violation of the covenants contained herein.

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 the Executive as an employee of the Company:

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

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

(iv) the Executive's engaging willfully in misconduct in connection with the performance of any of his duties, including, without limitation, falsifying or attempting to falsify documents, books or records of the Company or its subsidiaries, misappropriating or attempting to misappropriate funds or other property, or securing or attempting to secure any personal profit in connection with any transaction entered into on behalf of the Company or its subsidiaries;

(v) the violation by the 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) the 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 the Executive with the Company or any of its subsidiaries or other active disloyalty to the Company or any of its subsidiaries (including, without limitation, aiding a competitor or unauthorized disclosure of confidential information); or

(vii) the 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, or sexual harassment.

"Disability" shall mean a physical or mental impairment which substantially limits a major life activity of the Executive and which renders the 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 the Executive and/or his medical personnel, as well as information from medical personnel (or others) selected by the Company or its insurers.

"Incapacity" as used herein shall be limited only to such Disability which substantially prevents the Company from availing itself of the services of the Executive.

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 the Executive's employment, including, but not limited to, any state or federal statutory claims, shall be submitted to arbitration in Denver, Colorado, before a sole arbitrator selected from Judicial Arbitrator Group, Inc., Denver, Colorado, or its successor ("JAG"), or if JAG is no longer able to supply the arbitrator, such arbitrator shall be selected from the Judicial Arbitration and Mediation

Services, Inc., (“JAMS”) or other mutually agreed upon arbitration provider, as the exclusive forum for the resolution of such dispute. Provisional injunctive relief may, but need not, be sought by either party to this Agreement in a court of law while arbitration proceedings are pending, and any provisional injunctive relief granted by such court shall remain effective until the matter is finally determined by the Arbitrator. 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 the Executive’s employment. The parties agree that Company shall be responsible for payment of the forum costs of any arbitration hereunder, including the Arbitrator’s fee. The Executive and the Company further agree that in any proceeding to enforce the terms of this Agreement, the prevailing party shall be entitled to its or his reasonable attorneys’ fees and costs incurred by it or him in connection with resolution of the dispute in addition to any other relief granted.

15. Governing Law. This Agreement and the legal relations hereby created between the parties hereto shall be governed by and construed under and in accordance with the internal laws of the State of Colorado, without regard to conflicts of laws principles thereof.

16. Taxes. The Company and RRI may withhold from any payments made under this Agreement all federal, state, city or other applicable taxes as shall be required pursuant to any law, governmental regulation or ruling.

17. Entire Agreement. This Agreement (including Exhibits) constitutes and contains the entire agreement and final understanding concerning the 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.

18. Amendment and Waiver. The provisions of this Agreement may be amended or waived only with the prior written consent of the Board of Directors of the Company (or a person expressly authorized thereby) and the 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.

19. Miscellaneous.

(a) Binding Effect. This Agreement is intended to bind and inure to the benefit of and be enforceable by the Executive, the Company and their respective heirs,



successors and assigns, except that the 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:

(i) If to the Company, to:

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

with a copy to:

O'Melveny & Myers LLP  
610 Newport Center Drive, 17th Floor  
Newport Beach, California 92660  
Attention: Thomas J. Leary  
Facsimile No.: 949-823-6994

(ii) If to the Executive, to:

Dennis B. Mullen  
c/o Red Robin Gourmet Burgers, Inc.  
6312 South Fiddler's Green Circle, Suite 200N  
Greenwood Village, CO 80111  
E-mail: dmullen@redrobin.com

with a copy to:

Roger C. Cohen, Esq.  
Ballard Spahr Andrews & Ingersoll, LLP  
Seventeenth Street Plaza Building, 1225 17<sup>th</sup> Street  
Suite 2300  
Denver, Colorado 80202-5596  
Facisimile No.: 303-296-3956

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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/ Edward T. Harvey  
Edward T. Harvey  
Lead Director

**EXECUTIVE**

/s/ Dennis B. Mullen  
Dennis B. Mullen

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**EXHIBIT A**

**Incentive Bonus for Fiscal 2005**

The Executive's bonus opportunity for fiscal 2005 shall be a percentage of the base salary actually paid to the Executive in fiscal 2005 as follows:

<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
45%	90%	135%

For fiscal 2005, the Executive's bonus opportunity shall be determined based on the Company's EBITDA (earnings before interest, taxes, depreciation and amortization) for such fiscal year before pre-opening expenses and before any accounting charges for stock options, but after accrual of all bonuses to be earned and paid to the Company's executives and employees ("Adjusted EBITDA"). For this purpose, Adjusted EBITDA shall be calculated in accordance with generally accepted accounting principles, consistent with their application in the Company's 2005 annual budget (as previously approved by the Board), but subject to such further adjustments as the compensation committee of the Board may reasonably determine and apply to determine annual bonuses for the Company's senior executives generally. Subject to any such further adjustment, the Adjusted EBITDA levels required to achieve the "minimum," "target" and "maximum" bonus opportunities shall be as previously established by the compensation committee of the Board for purposes of the 2005 bonus plan for senior executives of the Company.

For fiscal 2005, the Executive shall be entitled to receive 75% of the total bonus opportunity based solely on the Company's achievement of the Adjusted EBITDA levels as established by the compensation committee of the Board for purposes of the 2005 bonus plan for senior executives of the Company. All or any portion of the remaining 25% of the total bonus opportunity for fiscal 2005 shall be payable to the Executive in the sole discretion of the compensation committee of the Board based on such committee's assessment of the Executive's achievement of certain personal goals established by the committee.

The total bonus payable to the Executive with respect to fiscal 2005, as determined pursuant to the foregoing provisions, shall be determined on the basis of the amount of base salary actually paid to the Executive during fiscal 2005, exclusive of his signing bonus and any other benefits.

EXHIBIT B

STRICTLY CONFIDENTIAL

GENERAL RELEASE

**1. Definitions.**

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

- A. *I, me, my* and *Releasor* mean me and anyone who has or obtains any legal rights or claims through me.
- B. *Employer* means: (i) Red Robin Gourmet Burgers, Inc. and Red Robin International, Inc. (collectively, the "Company"), (ii) any company related to the Company in the past or present, (iii) the past and present officers, directors, employees, shareholders, attorneys, agents and representatives of the Company, (iv) any present or past employee benefit plan sponsored by the Company and/or officers, directors, trustees, administrators, employees, attorneys, agents and representatives of such plan, (v) and any person who acted on behalf of the Company on instruction from the Company.
- C. *Employment Agreement* means that certain Employment Agreement dated as of September 7, 2005, between me and the Company.
- D. *My claims* means all of my rights to any relief of any kind from the Employer, including but not limited to:
  - 1. All claims I now have, whether or not I now know about such claims, including all claims arising out of or relating to my past employment with Employer, the termination of that employment or statements or actions of the Employer including, but not limited to: breach of contract; defamation; infliction of emotional distress; wrongful discharge; workers' compensation retaliation; violation of the Age Discrimination in Employment Act of 1967; Fair Labor Standards Act; Title VII of the Civil Rights Act of 1964; the Civil Rights Acts of 1866 and 1871; the Civil Rights Act of 1991; the Family and Medical Leave Act; the National Labor Relations Act; The Americans with Disabilities Act; COBRA; ERISA; the anti-discrimination laws of the state in which I reside and of any other state; the Wage Claim Act or corresponding statute of the state in which I reside; and/or any other federal, state or local statute, law, ordinance, regulation, order or principle of common law;
  - 2. All claims I have now, whether or not I know about the claims, for any type of relief from the Employer, including, but not limited to, all claims for back pay, front pay, lost benefits, reinstatement, liquidated damages, punitive damages, and

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damages for any alleged breach of contract, any tort claim and any alleged personal injury or emotional injury or damage; and

3. All claims for attorneys' fees;

but excluding my rights to receive payments and benefits pursuant to Section 4(e)(iii) of my Employment Agreement.

**2. Agreement to Release My Claims.**

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

I further agree to:

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

**3. Additional Agreement and Understandings.**

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

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

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

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

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

**5. Seven Day Period to Rescind the Release.**

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

- A. Postmarked within seven (7) days after I sign and deliver this agreement to the Employer;
- B. Properly addressed to:  
Red Robin Gourmet Burgers, Inc.  
Red Robin International, Inc.  
6312 South Fiddler's Green Circle, Suite 200 North  
Greenwood Village, CO 80111  
Attention: Vice President Human Resources

and

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

**6. Confidentiality.**

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

**7. Non-Disparagement.**

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

**8. Survival of Certain Provisions of Employment Agreement.**

Section 6 through Section 19 of the Employment Agreement shall survive the termination of my employment are incorporated herein by reference as if fully set forth.

**9. Choice of Law.**

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

**10. Arbitration.**

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



**11. Severability.**

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

RELEASOR

\_\_\_\_\_  
Dennis B. Mullen  
Date: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

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

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

ACCEPTED FOR EMPLOYER:

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

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RED ROBIN GOURMET BURGERS, INC.  
2004 PERFORMANCE INCENTIVE PLAN  
NONQUALIFIED STOCK OPTION AGREEMENT**

**THIS NONQUALIFIED STOCK OPTION AGREEMENT** (this “**Option Agreement**”) dated September 1, 2005 by and between **RED ROBIN GOURMET BURGERS, INC.**, a Delaware corporation (the “**Corporation**”), and Eric Houseman, (the “**Grantee**”) evidences the nonqualified stock option (the “**Option**”) granted by the Corporation to the Grantee as to the number of shares of the Corporation’s Common Stock first set forth below.

**Number of Shares of Common Stock:**<sup>1</sup> 15,000  
**Exercise Price per Share:**<sup>1</sup> \$46.22

**Award Date:** 9/1/2005  
**Expiration Date:**<sup>1,2</sup> 9/1/2015

**Vesting**<sup>1,2</sup> The Option shall become vested as to 25% of the total number of shares of Common Stock subject to the Option on the first anniversary of the Award Date. The remaining 75% of the total number of shares of Common Stock subject to the Option shall become vested in 36 substantially equal monthly installments, with the first installment vesting on the same day of the month following the month in which the first anniversary of the Award Date occurs and an additional installment vesting on the same day of each of the 35 months thereafter.

The Option is granted under the Red Robin Gourmet Burgers, Inc. 2004 Performance Incentive Plan (the “**Plan**”) and subject to the Terms and Conditions of Nonqualified Stock Option (the “**Terms**”) attached to this Option Agreement (incorporated herein by this reference) and to the Plan. The Option has been granted to the Grantee in addition to, and not in lieu of, any other form of compensation otherwise payable or to be paid to the Grantee. Capitalized terms are defined in the Plan if not defined herein. The parties agree to the terms of the Option set forth herein. The Grantee acknowledges receipt of a copy of the Terms, the Plan and the Prospectus for the Plan.

**“GRANTEE”**

**RED ROBIN GOURMET BURGERS, INC.**  
a Delaware corporation

/s/ Eric Houseman

\_\_\_\_\_  
*Signature*

Eric Houseman

\_\_\_\_\_  
*Print Name*

By: /s/ Dennis B. Mullen

Print Name: Dennis B. Mullen

Title: Chief Executive Officer

**CONSENT OF SPOUSE**

In consideration of the Corporation’s execution of this Option Agreement, the undersigned spouse of the Grantee agrees to be bound by all of the terms and provisions hereof and of the Plan.

\_\_\_\_\_  
*Signature of Spouse*

\_\_\_\_\_  
*Date*

1 Subject to adjustment under Section 7.1 of the Plan.  
2 Subject to early termination under Section 4 of the Terms and Section 7.4 of the Plan.

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## TERMS AND CONDITIONS OF NONQUALIFIED STOCK OPTION

### 1. **Vesting; Limits on Exercise; Incentive Stock Option Status**

The Option shall vest and become exercisable in percentage installments of the aggregate number of shares subject to the Option as set forth on the cover page of this Option Agreement. The Option may be exercised only to the extent the Option is vested and exercisable.

- **Cumulative Exercisability.** To the extent that the Option is vested and exercisable, the Grantee has the right to exercise the Option (to the extent not previously exercised), and such right shall continue, until the expiration or earlier termination of the Option.
- **No Fractional Shares.** Fractional share interests shall be disregarded, but may be cumulated.
- **Minimum Exercise.** No fewer than 100<sup>1</sup> shares of Common Stock may be purchased at any one time, unless the number purchased is the total number at the time exercisable under the Option.
- **Nonqualified Stock Option.** The Option is a nonqualified stock option and is not, and shall not be, an incentive stock option within the meaning of Section 422 of the Code.

### 2. **Continuance of Employment/Service Required; No Employment/Service Commitment**

The vesting schedule requires continued employment or service through each applicable vesting date as a condition to the vesting of the applicable installment of the Option and the rights and benefits under this Option Agreement. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or services as provided in Section 4 below or under the Plan.

Nothing contained in this Option Agreement or the Plan constitutes a continued employment or service commitment by the Corporation or any of its Subsidiaries, affects the Grantee's status, if he or she is an employee, as an employee at will who is subject to termination without cause, confers upon the Grantee any right to remain employed by or in service to the Corporation or any Subsidiary, interferes in any way with the right of the Corporation or any Subsidiary at any time to terminate such employment or service, or affects the right of the Corporation or any Subsidiary to increase or decrease the Grantee's other compensation.

### 3. **Method of Exercise of Option.**

The Option shall be exercisable by the delivery to the Secretary of the Corporation (or such other person as the Administrator may require pursuant to such administrative exercise procedures as the Administrator may implement from time to time) of:

- a written notice stating the number of shares of Common Stock to be purchased pursuant to the Option or by the completion of such other administrative exercise procedures as the Administrator may require from time to time,

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- payment in full for the Exercise Price of the shares to be purchased in cash, check or by electronic funds transfer to the Corporation, or (subject to compliance with all applicable laws, rules, regulations and listing requirements and further subject to such rules as the Administrator may adopt as to any non-cash payment) in shares of Common Stock already owned by the Participant, valued at their Fair Market Value on the exercise date, provided, however, that any shares initially acquired upon exercise of a stock option or otherwise from the Corporation must have been owned by the Participant for at least six (6) months before the date of such exercise;
  - any written statements or agreements required pursuant to Section 8.1 of the Plan; and
  - satisfaction of the tax withholding provisions of Section 8.5 of the Plan.

The Administrator also may, but is not required to, authorize a non-cash payment alternative by notice and third party payment in such manner as may be authorized by the Administrator.

#### **4. Early Termination of Option.**

**4.1 Possible Termination of Option upon Change in Control** The Option is subject to termination in connection with a Change in Control Event or certain similar reorganization events as provided in Section 7.4 of the Plan.

**4.2 Termination of Option upon a Termination of Grantee's Employment or Services** Subject to earlier termination on the Expiration Date of the Option or pursuant to Section 4.1 above, if the Grantee ceases to be employed by or ceases to provide services to the Corporation or a Subsidiary, the following rules shall apply (the last day that the Grantee is employed by or provides services to the Corporation or a Subsidiary is referred to as the Grantee's "**Severance Date**"):

- other than as expressly provided below in this Section 4.2, (a) the Grantee will have until the date that is 90 days after his or her Severance Date to exercise the Option (or portion thereof) to the extent that it was vested on the Severance Date, (b) the Option, to the extent not vested on the Severance Date, shall terminate on the Severance Date, and (c) the Option, to the extent exercisable for the 90-day period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 90-day period;
- if the termination of the Grantee's employment or services is the result of the Grantee's death or Total Disability (as defined below), then the Grantee (or his beneficiary or personal representative, as the case may be) will have until the date that is 12 months after the Grantee's Severance Date to exercise the Option, (b) the Option, to the extent not vested on the Severance Date, shall terminate on the Severance Date, and (c) the Option, to the extent exercisable for the 12-month period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 12-month period;
- if the Grantee voluntarily terminates his or her employment or services (other than due to the Grantee's death or Total Disability) or if the Grantee's employment or services are terminated by the Corporation or a Subsidiary for Cause (as defined below), the Option (whether vested or not) shall terminate on the Severance Date.

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For purposes of the Option, “**Total Disability**” means a “permanent and total disability” (within the meaning of Section 22(e)(3) of the Code or as otherwise determined by the Administrator).

For purposes of the Option, “**Cause**” means that the Grantee:

- (1) has been negligent in the discharge of his or her duties to the Corporation or any of its Subsidiaries, has refused to perform stated or assigned duties or is incompetent in or (other than by reason of a disability or analogous condition) incapable of performing those duties;
- (2) has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information; has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; or has been convicted of a felony or misdemeanor (other than minor traffic violations or similar offenses);
- (3) has materially breached any of the provisions of any agreement with the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; or
- (4) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of, the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; has improperly induced a vendor or customer to break or terminate any contract with the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; or has induced a principal for whom the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries acts as agent to terminate such agency relationship.

In all events the Option is subject to earlier termination on the Expiration Date of the Option or as contemplated by Section 4.1. The Administrator shall be the sole judge of whether the Grantee continues to render employment or services for purposes of this Option Agreement.

**5. Non-Transferability.**

The Option and any other rights of the Grantee under this Option Agreement or the Plan are nontransferable and exercisable only by the Grantee, except as set forth in Section 5.7 of the Plan.

**6. Notices.**

Any notice to be given under the terms of this Option Agreement shall be in writing and addressed to the Corporation at its principal office to the attention of the Secretary, and to the Grantee at the address last reflected on the Corporation’s payroll records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be delivered in person or shall be enclosed in a properly sealed envelope addressed as aforesaid, registered or certified, and deposited (postage and registry or certification fee prepaid) in a post office or branch post office regularly maintained by the United States Government. Any such notice shall be given only when received, but if the Grantee is no longer employed by the Corporation or a

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Subsidiary, shall be deemed to have been duly given five business days after the date mailed in accordance with the foregoing provisions of this Section 6.

**7. Plan.**

The Option and all rights of the Grantee under this Option Agreement are subject to, and the Grantee agrees to be bound by, all of the terms and conditions of the Plan, incorporated herein by this reference. In the event of a conflict or inconsistency between the terms and conditions of this Option Agreement and of the Plan, the terms and conditions of the Plan shall govern. The Grantee agrees to be bound by the terms of the Plan and this Option Agreement (including these Terms). The Grantee acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Option Agreement. Unless otherwise expressly provided in other sections of this Option Agreement, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not and shall not be deemed to create any rights in the Grantee unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

**8. Entire Agreement.**

This Option Agreement (including these Terms) and the Plan together constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. The Plan and this Option Agreement may be amended pursuant to Section 8.6 of the Plan. Such amendment must be in writing and signed by the Corporation. The Corporation may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect the interests of the Grantee hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

**9. Governing Law.**

This Option Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without regard to conflict of law principles thereunder.

**10. Effect of this Agreement**

Subject to the Corporation's right to terminate the Option pursuant to Section 7.4 of the Plan, this Option Agreement shall be assumed by, be binding upon and inure to the benefit of any successor or successors to the Corporation.

**11. Counterparts.**

This Option Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

**12. Section Headings.**

The section headings of this Option Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

**RED ROBIN GOURMET BURGERS, INC.  
2004 PERFORMANCE INCENTIVE PLAN  
NONQUALIFIED STOCK OPTION AGREEMENT**

THIS NONQUALIFIED STOCK OPTION AGREEMENT (this "Option Agreement") dated September 1, 2005 by and between RED ROBIN GOURMET BURGERS, INC., a Delaware corporation (the "Corporation"), and Todd Brighton, (the "Grantee") evidences the nonqualified stock option (the "Option") granted by the Corporation to the Grantee as to the number of shares of the Corporation's Common Stock first set forth below.

Number of Shares of Common Stock: <sup>1</sup> 12,500

Award Date: 9/1/2005

Exercise Price per Share: <sup>1</sup> \$46.22

Expiration Date:<sup>1,2</sup> 9/1/2015

**Vesting**<sup>1,2</sup> The Option shall become vested as to 25% of the total number of shares of Common Stock subject to the Option on the first anniversary of the Award Date. The remaining 75% of the total number of shares of Common Stock subject to the Option shall become vested in 36 substantially equal monthly installments, with the first installment vesting on the same day of the month following the month in which the first anniversary of the Award Date occurs and an additional installment vesting on the same day of each of the 35 months thereafter.

The Option is granted under the Red Robin Gourmet Burgers, Inc. 2004 Performance Incentive Plan (the "Plan") and subject to the Terms and Conditions of Nonqualified Stock Option (the "Terms") attached to this Option Agreement (incorporated herein by this reference) and to the Plan. The Option has been granted to the Grantee in addition to, and not in lieu of, any other form of compensation otherwise payable or to be paid to the Grantee. Capitalized terms are defined in the Plan if not defined herein. The parties agree to the terms of the Option set forth herein. The Grantee acknowledges receipt of a copy of the Terms, the Plan and the Prospectus for the Plan.

**"GRANTEE"**

**RED ROBIN GOURMET BURGERS, INC.**  
a Delaware corporation

/s/ Todd Brighton

\_\_\_\_\_  
*Signature*

By: /s/ Dennis B. Mullen

\_\_\_\_\_  
Todd Brighton

\_\_\_\_\_  
*Print Name*

Print Name: Dennis B. Mullen

Title: Chief Executive Officer

**CONSENT OF SPOUSE**

In consideration of the Corporation's execution of this Option Agreement, the undersigned spouse of the Grantee agrees to be bound by all of the terms and provisions hereof and of the Plan.

\_\_\_\_\_  
*Signature of Spouse*

\_\_\_\_\_  
*Date*

1 Subject to adjustment under Section 7.1 of the Plan.

2 Subject to early termination under Section 4 of the Terms and Section 7.4 of the Plan

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## TERMS AND CONDITIONS OF NONQUALIFIED STOCK OPTION

### 1. **Vesting; Limits on Exercise; Incentive Stock Option Status**

The Option shall vest and become exercisable in percentage installments of the aggregate number of shares subject to the Option as set forth on the cover page of this Option Agreement. The Option may be exercised only to the extent the Option is vested and exercisable.

- **Cumulative Exercisability.** To the extent that the Option is vested and exercisable, the Grantee has the right to exercise the Option (to the extent not previously exercised), and such right shall continue, until the expiration or earlier termination of the Option.
- **No Fractional Shares.** Fractional share interests shall be disregarded, but may be cumulated.
- **Minimum Exercise.** No fewer than 100<sup>1</sup> shares of Common Stock may be purchased at any one time, unless the number purchased is the total number at the time exercisable under the Option.
- **Nonqualified Stock Option.** The Option is a nonqualified stock option and is not, and shall not be, an incentive stock option within the meaning of Section 422 of the Code.

### 2. **Continuance of Employment/Service Required; No Employment/Service Commitment**

The vesting schedule requires continued employment or service through each applicable vesting date as a condition to the vesting of the applicable installment of the Option and the rights and benefits under this Option Agreement. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or services as provided in Section 4 below or under the Plan.

Nothing contained in this Option Agreement or the Plan constitutes a continued employment or service commitment by the Corporation or any of its Subsidiaries, affects the Grantee's status, if he or she is an employee, as an employee at will who is subject to termination without cause, confers upon the Grantee any right to remain employed by or in service to the Corporation or any Subsidiary, interferes in any way with the right of the Corporation or any Subsidiary at any time to terminate such employment or service, or affects the right of the Corporation or any Subsidiary to increase or decrease the Grantee's other compensation.

### 3. **Method of Exercise of Option.**

The Option shall be exercisable by the delivery to the Secretary of the Corporation (or such other person as the Administrator may require pursuant to such administrative exercise procedures as the Administrator may implement from time to time) of:

- a written notice stating the number of shares of Common Stock to be purchased pursuant to the Option or by the completion of such other administrative exercise procedures as the Administrator may require from time to time,

1 Subject to adjustment under Section 7.1 of the Plan.

2 Subject to early termination under Section 4 of the Terms and Section 7.4 of the Plan



- payment in full for the Exercise Price of the shares to be purchased in cash, check or by electronic funds transfer to the Corporation, or (subject to compliance with all applicable laws, rules, regulations and listing requirements and further subject to such rules as the Administrator may adopt as to any non-cash payment) in shares of Common Stock already owned by the Participant, valued at their Fair Market Value on the exercise date, provided, however, that any shares initially acquired upon exercise of a stock option or otherwise from the Corporation must have been owned by the Participant for at least six (6) months before the date of such exercise;
- any written statements or agreements required pursuant to Section 8.1 of the Plan; and
- satisfaction of the tax withholding provisions of Section 8.5 of the Plan.

The Administrator also may, but is not required to, authorize a non-cash payment alternative by notice and third party payment in such manner as may be authorized by the Administrator.

#### **4. Early Termination of Option.**

**4.1 Possible Termination of Option upon Change in Control.** The Option is subject to termination in connection with a Change in Control Event or certain similar reorganization events as provided in Section 7.4 of the Plan.

**4.2 Termination of Option upon a Termination of Grantee's Employment or Services.** Subject to earlier termination on the Expiration Date of the Option or pursuant to Section 4.1 above, if the Grantee ceases to be employed by or ceases to provide services to the Corporation or a Subsidiary, the following rules shall apply (the last day that the Grantee is employed by or provides services to the Corporation or a Subsidiary is referred to as the Grantee's "**Severance Date**"):

- other than as expressly provided below in this Section 4.2, (a) the Grantee will have until the date that is 90 days after his or her Severance Date to exercise the Option (or portion thereof) to the extent that it was vested on the Severance Date, (b) the Option, to the extent not vested on the Severance Date, shall terminate on the Severance Date, and (c) the Option, to the extent exercisable for the 90-day period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 90-day period;
- if the termination of the Grantee's employment or services is the result of the Grantee's death or Total Disability (as defined below), then the Grantee (or his beneficiary or personal representative, as the case may be) will have until the date that is 12 months after the Grantee's Severance Date to exercise the Option, (b) the Option, to the extent not vested on the Severance Date, shall terminate on the Severance Date, and (c) the Option, to the extent exercisable for the 12-month period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 12-month period;
- if the Grantee voluntarily terminates his or her employment or services (other than due to the Grantee's death or Total Disability) or if the Grantee's employment or services are terminated by the Corporation or a Subsidiary for Cause (as defined below), the Option (whether vested or not) shall terminate on the Severance Date.

1 Subject to adjustment under Section 7.1 of the Plan.

2 Subject to early termination under Section 4 of the Terms and Section 7.4 of the Plan

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For purposes of the Option, “**Total Disability**” means a “permanent and total disability” (within the meaning of Section 22(e)(3) of the Code or as otherwise determined by the Administrator).

For purposes of the Option, “**Cause**” means that the Grantee:

- (1) has been negligent in the discharge of his or her duties to the Corporation or any of its Subsidiaries, has refused to perform stated or assigned duties or is incompetent in or (other than by reason of a disability or analogous condition) incapable of performing those duties;
- (2) has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information; has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; or has been convicted of a felony or misdemeanor (other than minor traffic violations or similar offenses);
- (3) has materially breached any of the provisions of any agreement with the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; or
- (4) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of, the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; has improperly induced a vendor or customer to break or terminate any contract with the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; or has induced a principal for whom the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries acts as agent to terminate such agency relationship.

In all events the Option is subject to earlier termination on the Expiration Date of the Option or as contemplated by Section 4.1. The Administrator shall be the sole judge of whether the Grantee continues to render employment or services for purposes of this Option Agreement.

**5. Non-Transferability.**

The Option and any other rights of the Grantee under this Option Agreement or the Plan are nontransferable and exercisable only by the Grantee, except as set forth in Section 5.7 of the Plan.

**6. Notices.**

Any notice to be given under the terms of this Option Agreement shall be in writing and addressed to the Corporation at its principal office to the attention of the Secretary, and to the Grantee at the address last reflected on the Corporation’s payroll records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be delivered in person or shall be enclosed in a properly sealed envelope addressed as aforesaid, registered or certified, and deposited (postage and registry or certification fee prepaid) in a post office or branch post office regularly maintained by the United States Government. Any such notice shall be given only when received, but if the Grantee is no longer employed by the Corporation or a

1 Subject to adjustment under Section 7.1 of the Plan.

2 Subject to early termination under Section 4 of the Terms and Section 7.4 of the Plan.

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Subsidiary, shall be deemed to have been duly given five business days after the date mailed in accordance with the foregoing provisions of this Section 6.

**7. Plan.**

The Option and all rights of the Grantee under this Option Agreement are subject to, and the Grantee agrees to be bound by, all of the terms and conditions of the Plan, incorporated herein by this reference. In the event of a conflict or inconsistency between the terms and conditions of this Option Agreement and of the Plan, the terms and conditions of the Plan shall govern. The Grantee agrees to be bound by the terms of the Plan and this Option Agreement (including these Terms). The Grantee acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Option Agreement. Unless otherwise expressly provided in other sections of this Option Agreement, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not and shall not be deemed to create any rights in the Grantee unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

**8. Entire Agreement.**

This Option Agreement (including these Terms) and the Plan together constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. The Plan and this Option Agreement may be amended pursuant to Section 8.6 of the Plan. Such amendment must be in writing and signed by the Corporation. The Corporation may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect the interests of the Grantee hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

**9. Governing Law.**

This Option Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without regard to conflict of law principles thereunder.

**10. Effect of this Agreement**

Subject to the Corporation's right to terminate the Option pursuant to Section 7.4 of the Plan, this Option Agreement shall be assumed by, be binding upon and inure to the benefit of any successor or successors to the Corporation.

**11. Counterparts.**

This Option Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

**12. Section Headings.**

The section headings of this Option Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

3 Subject to adjustment under Section 7.1 of the Plan.

4 Subject to early termination under Section 4 of the Terms and Section 7.4 of the Plan.

**RED ROBIN GOURMET BURGERS, INC.  
2004 PERFORMANCE INCENTIVE PLAN  
NONQUALIFIED STOCK OPTION AGREEMENT**

**THIS NONQUALIFIED STOCK OPTION AGREEMENT** (this “**Option Agreement**”) dated September 1, 2005 by and between **RED ROBIN GOURMET BURGERS, INC.**, a Delaware corporation (the “**Corporation**”), and Mike Woods, (the “**Grantee**”) evidences the nonqualified stock option (the “**Option**”) granted by the Corporation to the Grantee as to the number of shares of the Corporation’s Common Stock first set forth below.

**Number of Shares of Common Stock:**<sup>1</sup> 10,000  
**Exercise Price per Share:**<sup>1</sup> \$46.22

**Award Date:** 9/1/2005  
**Expiration Date:**<sup>1,2</sup> 9/1/2015

**Vesting**<sup>1,2</sup> The Option shall become vested as to 25% of the total number of shares of Common Stock subject to the Option on the first anniversary of the Award Date. The remaining 75% of the total number of shares of Common Stock subject to the Option shall become vested in 36 substantially equal monthly installments, with the first installment vesting on the same day of the month following the month in which the first anniversary of the Award Date occurs and an additional installment vesting on the same day of each of the 35 months thereafter.

The Option is granted under the Red Robin Gourmet Burgers, Inc. 2004 Performance Incentive Plan (the “**Plan**”) and subject to the Terms and Conditions of Nonqualified Stock Option (the “**Terms**”) attached to this Option Agreement (incorporated herein by this reference) and to the Plan. The Option has been granted to the Grantee in addition to, and not in lieu of, any other form of compensation otherwise payable or to be paid to the Grantee. Capitalized terms are defined in the Plan if not defined herein. The parties agree to the terms of the Option set forth herein. The Grantee acknowledges receipt of a copy of the Terms, the Plan and the Prospectus for the Plan.

**“GRANTEE”**

**RED ROBIN GOURMET BURGERS, INC.**  
a Delaware corporation

/s/ Mike Woods

By: /s/ Dennis B. Mullen

\_\_\_\_\_  
*Signature*

Mike Woods

Print Name: Dennis B. Mullen

\_\_\_\_\_  
*Print Name*

Title: Chief Executive Officer

**CONSENT OF SPOUSE**

In consideration of the Corporation’s execution of this Option Agreement, the undersigned spouse of the Grantee agrees to be bound by all of the terms and provisions hereof and of the Plan.

\_\_\_\_\_  
*Signature of Spouse*

\_\_\_\_\_  
*Date*

1 Subject to adjustment under Section 7.1 of the Plan.  
2 Subject to early termination under Section 4 of the Terms and Section 7.4 of the Plan.

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## TERMS AND CONDITIONS OF NONQUALIFIED STOCK OPTION

### 1. Vesting; Limits on Exercise; Incentive Stock Option Status

The Option shall vest and become exercisable in percentage installments of the aggregate number of shares subject to the Option as set forth on the cover page of this Option Agreement. The Option may be exercised only to the extent the Option is vested and exercisable.

- Cumulative Exercisability. To the extent that the Option is vested and exercisable, the Grantee has the right to exercise the Option (to the extent not previously exercised), and such right shall continue, until the expiration or earlier termination of the Option.
- No Fractional Shares. Fractional share interests shall be disregarded, but may be cumulated.
- Minimum Exercise. No fewer than 100<sup>1</sup> shares of Common Stock may be purchased at any one time, unless the number purchased is the total number at the time exercisable under the Option.
- Nonqualified Stock Option. The Option is a nonqualified stock option and is not, and shall not be, an incentive stock option within the meaning of Section 422 of the Code.

### 2. Continuance of Employment/Service Required; No Employment/Service Commitment

The vesting schedule requires continued employment or service through each applicable vesting date as a condition to the vesting of the applicable installment of the Option and the rights and benefits under this Option Agreement. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or services as provided in Section 4 below or under the Plan.

Nothing contained in this Option Agreement or the Plan constitutes a continued employment or service commitment by the Corporation or any of its Subsidiaries, affects the Grantee's status, if he or she is an employee, as an employee at will who is subject to termination without cause, confers upon the Grantee any right to remain employed by or in service to the Corporation or any Subsidiary, interferes in any way with the right of the Corporation or any Subsidiary at any time to terminate such employment or service, or affects the right of the Corporation or any Subsidiary to increase or decrease the Grantee's other compensation.

### 3. Method of Exercise of Option

The Option shall be exercisable by the delivery to the Secretary of the Corporation (or such other person as the Administrator may require pursuant to such administrative exercise procedures as the Administrator may implement from time to time) of:

- a written notice stating the number of shares of Common Stock to be purchased pursuant to the Option or by the completion of such other administrative exercise procedures as the Administrator may require from time to time,

1 Subject to adjustment under Section 7.1 of the Plan.

2 Subject to early termination under Section 4 of the Terms and Section 7.4 of the Plan.

- payment in full for the Exercise Price of the shares to be purchased in cash, check or by electronic funds transfer to the Corporation, or (subject to compliance with all applicable laws, rules, regulations and listing requirements and further subject to such rules as the Administrator may adopt as to any non-cash payment) in shares of Common Stock already owned by the Participant, valued at their Fair Market Value on the exercise date, provided, however, that any shares initially acquired upon exercise of a stock option or otherwise from the Corporation must have been owned by the Participant for at least six (6) months before the date of such exercise;
- any written statements or agreements required pursuant to Section 8.1 of the Plan; and
- satisfaction of the tax withholding provisions of Section 8.5 of the Plan.

The Administrator also may, but is not required to, authorize a non-cash payment alternative by notice and third party payment in such manner as may be authorized by the Administrator.

#### 4. **Early Termination of Option.**

**4.1 Possible Termination of Option upon Change in Control.** The Option is subject to termination in connection with a Change in Control Event or certain similar reorganization events as provided in Section 7.4 of the Plan.

**4.2 Termination of Option upon a Termination of Grantee's Employment or Services.** Subject to earlier termination on the Expiration Date of the Option or pursuant to Section 4.1 above, if the Grantee ceases to be employed by or ceases to provide services to the Corporation or a Subsidiary, the following rules shall apply (the last day that the Grantee is employed by or provides services to the Corporation or a Subsidiary is referred to as the Grantee's "**Severance Date**"):

- other than as expressly provided below in this Section 4.2, (a) the Grantee will have until the date that is 90 days after his or her Severance Date to exercise the Option (or portion thereof) to the extent that it was vested on the Severance Date, (b) the Option, to the extent not vested on the Severance Date, shall terminate on the Severance Date, and (c) the Option, to the extent exercisable for the 90-day period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 90-day period;
- if the termination of the Grantee's employment or services is the result of the Grantee's death or Total Disability (as defined below), then the Grantee (or his beneficiary or personal representative, as the case may be) will have until the date that is 12 months after the Grantee's Severance Date to exercise the Option, (b) the Option, to the extent not vested on the Severance Date, shall terminate on the Severance Date, and (c) the Option, to the extent exercisable for the 12-month period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 12-month period;
- if the Grantee voluntarily terminates his or her employment or services (other than due to the Grantee's death or Total Disability) or if the Grantee's employment or services are terminated by the Corporation or a Subsidiary for Cause (as defined below), the Option (whether vested or not) shall terminate on the Severance Date.

1 Subject to adjustment under Section 7.1 of the Plan.

2 Subject to early termination under Section 4 of the Terms and Section 7.4 of the Plan.

For purposes of the Option, "**Total Disability**" means a "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code or as otherwise determined by the Administrator).

For purposes of the Option, "**Cause**" means that the Grantee:

- (1) has been negligent in the discharge of his or her duties to the Corporation or any of its Subsidiaries, has refused to perform stated or assigned duties or is incompetent in or (other than by reason of a disability or analogous condition) incapable of performing those duties;
- (2) has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information; has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; or has been convicted of a felony or misdemeanor (other than minor traffic violations or similar offenses);
- (3) has materially breached any of the provisions of any agreement with the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; or
- (4) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of, the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; has improperly induced a vendor or customer to break or terminate any contract with the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; or has induced a principal for whom the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries acts as agent to terminate such agency relationship.

In all events the Option is subject to earlier termination on the Expiration Date of the Option or as contemplated by Section 4.1. The Administrator shall be the sole judge of whether the Grantee continues to render employment or services for purposes of this Option Agreement.

**5. Non-Transferability.**

The Option and any other rights of the Grantee under this Option Agreement or the Plan are nontransferable and exercisable only by the Grantee, except as set forth in Section 5.7 of the Plan.

**6. Notices.**

Any notice to be given under the terms of this Option Agreement shall be in writing and addressed to the Corporation at its principal office to the attention of the Secretary, and to the Grantee at the address last reflected on the Corporation's payroll records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be delivered in person or shall be enclosed in a properly sealed envelope addressed as aforesaid, registered or certified, and deposited (postage and registry or certification fee prepaid) in a post office or branch post office regularly maintained by the United States Government. Any such notice shall be given only when received, but if the Grantee is no longer employed by the Corporation or a

- 1 Subject to adjustment under Section 7.1 of the Plan.
- 2 Subject to early termination under Section 4 of the Terms and Section 7.4 of the Plan.

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Subsidiary, shall be deemed to have been duly given five business days after the date mailed in accordance with the foregoing provisions of this Section 6.

**7. Plan.**

The Option and all rights of the Grantee under this Option Agreement are subject to, and the Grantee agrees to be bound by, all of the terms and conditions of the Plan, incorporated herein by this reference. In the event of a conflict or inconsistency between the terms and conditions of this Option Agreement and of the Plan, the terms and conditions of the Plan shall govern. The Grantee agrees to be bound by the terms of the Plan and this Option Agreement (including these Terms). The Grantee acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Option Agreement. Unless otherwise expressly provided in other sections of this Option Agreement, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not and shall not be deemed to create any rights in the Grantee unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

**8. Entire Agreement.**

This Option Agreement (including these Terms) and the Plan together constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. The Plan and this Option Agreement may be amended pursuant to Section 8.6 of the Plan. Such amendment must be in writing and signed by the Corporation. The Corporation may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect the interests of the Grantee hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

**9. Governing Law.**

This Option Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without regard to conflict of law principles thereunder.

**10. Effect of this Agreement**

Subject to the Corporation's right to terminate the Option pursuant to Section 7.4 of the Plan, this Option Agreement shall be assumed by, be binding upon and inure to the benefit of any successor or successors to the Corporation.

**11. Counterparts.**

This Option Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

**12. Section Headings.**

The section headings of this Option Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

- 1 Subject to adjustment under Section 7.1 of the Plan.
- 2 Subject to early termination under Section 4 of the Terms and Section 7.4 of the Plan.



**RED ROBIN GOURMET BURGERS, INC.  
2004 PERFORMANCE INCENTIVE PLAN  
NONQUALIFIED STOCK OPTION AGREEMENT**

THIS NONQUALIFIED STOCK OPTION AGREEMENT (this "Option Agreement") dated September 1, 2005 by and between RED ROBIN GOURMET BURGERS, INC., a Delaware corporation (the "Corporation"), and Bob Merullo, (the "Grantee") evidences the nonqualified stock option (the "Option") granted by the Corporation to the Grantee as to the number of shares of the Corporation's Common Stock first set forth below.

Number of Shares of Common Stock: <sup>1</sup> 10,000

Award Date: 9/1/2005

Exercise Price per Share: <sup>1</sup> \$46.22

Expiration Date: <sup>1,2</sup> 9/1/2015

**Vesting** <sup>1,2</sup> The Option shall become vested as to 25% of the total number of shares of Common Stock subject to the Option on the first anniversary of the Award Date. The remaining 75% of the total number of shares of Common Stock subject to the Option shall become vested in 36 substantially equal monthly installments, with the first installment vesting on the same day of the month following the month in which the first anniversary of the Award Date occurs and an additional installment vesting on the same day of each of the 35 months thereafter.

The Option is granted under the Red Robin Gourmet Burgers, Inc. 2004 Performance Incentive Plan (the "Plan") and subject to the Terms and Conditions of Nonqualified Stock Option (the "Terms") attached to this Option Agreement (incorporated herein by this reference) and to the Plan. The Option has been granted to the Grantee in addition to, and not in lieu of, any other form of compensation otherwise payable or to be paid to the Grantee. Capitalized terms are defined in the Plan if not defined herein. The parties agree to the terms of the Option set forth herein. The Grantee acknowledges receipt of a copy of the Terms, the Plan and the Prospectus for the Plan.

**"GRANTEE"**

**RED ROBIN GOURMET BURGERS, INC.**  
a Delaware corporation

/s/ Bob Merullo

By: /s/ Dennis B. Mullen

*Signature*

Bob Merullo

Print Name: Dennis B. Mullen

*Print Name*

Title: Chief Executive Officer

**CONSENT OF SPOUSE**

In consideration of the Corporation's execution of this Option Agreement, the undersigned spouse of the Grantee agrees to be bound by all of the terms and provisions hereof and of the Plan.

\_\_\_\_\_  
*Signature of Spouse*

\_\_\_\_\_  
*Date*

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## TERMS AND CONDITIONS OF NONQUALIFIED STOCK OPTION

### 1. **Vesting; Limits on Exercise; Incentive Stock Option Status**

The Option shall vest and become exercisable in percentage installments of the aggregate number of shares subject to the Option as set forth on the cover page of this Option Agreement. The Option may be exercised only to the extent the Option is vested and exercisable.

- **Cumulative Exercisability.** To the extent that the Option is vested and exercisable, the Grantee has the right to exercise the Option (to the extent not previously exercised), and such right shall continue, until the expiration or earlier termination of the Option.
- **No Fractional Shares.** Fractional share interests shall be disregarded, but may be cumulated.
- **Minimum Exercise.** No fewer than 100<sup>1</sup> shares of Common Stock may be purchased at any one time, unless the number purchased is the total number at the time exercisable under the Option.
- **Nonqualified Stock Option.** The Option is a nonqualified stock option and is not, and shall not be, an incentive stock option within the meaning of Section 422 of the Code.

### 2. **Continuance of Employment/Service Required; No Employment/Service Commitment**

The vesting schedule requires continued employment or service through each applicable vesting date as a condition to the vesting of the applicable installment of the Option and the rights and benefits under this Option Agreement. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or services as provided in Section 4 below or under the Plan.

Nothing contained in this Option Agreement or the Plan constitutes a continued employment or service commitment by the Corporation or any of its Subsidiaries, affects the Grantee's status, if he or she is an employee, as an employee at will who is subject to termination without cause, confers upon the Grantee any right to remain employed by or in service to the Corporation or any Subsidiary, interferes in any way with the right of the Corporation or any Subsidiary at any time to terminate such employment or service, or affects the right of the Corporation or any Subsidiary to increase or decrease the Grantee's other compensation.

### 3. **Method of Exercise of Option.**

The Option shall be exercisable by the delivery to the Secretary of the Corporation (or such other person as the Administrator may require pursuant to such administrative exercise procedures as the Administrator may implement from time to time) of:

- a written notice stating the number of shares of Common Stock to be purchased pursuant to the Option or by the completion of such other administrative exercise procedures as the Administrator may require from time to time,

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- payment in full for the Exercise Price of the shares to be purchased in cash, check or by electronic funds transfer to the Corporation, or (subject to compliance with all applicable laws, rules, regulations and listing requirements and further subject to such rules as the Administrator may adopt as to any non-cash payment) in shares of Common Stock already owned by the Participant, valued at their Fair Market Value on the exercise date, provided, however, that any shares initially acquired upon exercise of a stock option or otherwise from the Corporation must have been owned by the Participant for at least six (6) months before the date of such exercise;
- any written statements or agreements required pursuant to Section 8.1 of the Plan; and
- satisfaction of the tax withholding provisions of Section 8.5 of the Plan.

The Administrator also may, but is not required to, authorize a non-cash payment alternative by notice and third party payment in such manner as may be authorized by the Administrator.

#### **4. Early Termination of Option.**

**4.1 Possible Termination of Option upon Change in Control.** The Option is subject to termination in connection with a Change in Control Event or certain similar reorganization events as provided in Section 7.4 of the Plan.

**4.2 Termination of Option upon a Termination of Grantee's Employment or Services.** Subject to earlier termination on the Expiration Date of the Option or pursuant to Section 4.1 above, if the Grantee ceases to be employed by or ceases to provide services to the Corporation or a Subsidiary, the following rules shall apply (the last day that the Grantee is employed by or provides services to the Corporation or a Subsidiary is referred to as the Grantee's "**Severance Date**"):

- other than as expressly provided below in this Section 4.2, (a) the Grantee will have until the date that is 90 days after his or her Severance Date to exercise the Option (or portion thereof) to the extent that it was vested on the Severance Date, (b) the Option, to the extent not vested on the Severance Date, shall terminate on the Severance Date, and (c) the Option, to the extent exercisable for the 90-day period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 90-day period;
- if the termination of the Grantee's employment or services is the result of the Grantee's death or Total Disability (as defined below), then the Grantee (or his beneficiary or personal representative, as the case may be) will have until the date that is 12 months after the Grantee's Severance Date to exercise the Option, (b) the Option, to the extent not vested on the Severance Date, shall terminate on the Severance Date, and (c) the Option, to the extent exercisable for the 12-month period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 12-month period;
- if the Grantee voluntarily terminates his or her employment or services (other than due to the Grantee's death or Total Disability) or if the Grantee's employment or services are terminated by the Corporation or a Subsidiary for Cause (as defined below), the Option (whether vested or not) shall terminate on the Severance Date.

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For purposes of the Option, “**Total Disability**” means a “permanent and total disability” (within the meaning of Section 22(e)(3) of the Code or as otherwise determined by the Administrator).

For purposes of the Option, “**Cause**” means that the Grantee:

- (1) has been negligent in the discharge of his or her duties to the Corporation or any of its Subsidiaries, has refused to perform stated or assigned duties or is incompetent in or (other than by reason of a disability or analogous condition) incapable of performing those duties;
- (2) has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information; has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; or has been convicted of a felony or misdemeanor (other than minor traffic violations or similar offenses);
- (3) has materially breached any of the provisions of any agreement with the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; or
- (4) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of, the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; has improperly induced a vendor or customer to break or terminate any contract with the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; or has induced a principal for whom the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries acts as agent to terminate such agency relationship.

In all events the Option is subject to earlier termination on the Expiration Date of the Option or as contemplated by Section 4.1. The Administrator shall be the sole judge of whether the Grantee continues to render employment or services for purposes of this Option Agreement.

**5. Non-Transferability.**

The Option and any other rights of the Grantee under this Option Agreement or the Plan are nontransferable and exercisable only by the Grantee, except as set forth in Section 5.7 of the Plan.

**6. Notices.**

Any notice to be given under the terms of this Option Agreement shall be in writing and addressed to the Corporation at its principal office to the attention of the Secretary, and to the Grantee at the address last reflected on the Corporation’s payroll records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be delivered in person or shall be enclosed in a properly sealed envelope addressed as aforesaid, registered or certified, and deposited (postage and registry or certification fee prepaid) in a post office or branch post office regularly maintained by the United States Government. Any such notice shall be given only when received, but if the Grantee is no longer employed by the Corporation or a

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Subsidiary, shall be deemed to have been duly given five business days after the date mailed in accordance with the foregoing provisions of this Section 6.

**7. Plan.**

The Option and all rights of the Grantee under this Option Agreement are subject to, and the Grantee agrees to be bound by, all of the terms and conditions of the Plan, incorporated herein by this reference. In the event of a conflict or inconsistency between the terms and conditions of this Option Agreement and of the Plan, the terms and conditions of the Plan shall govern. The Grantee agrees to be bound by the terms of the Plan and this Option Agreement (including these Terms). The Grantee acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Option Agreement. Unless otherwise expressly provided in other sections of this Option Agreement, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not and shall not be deemed to create any rights in the Grantee unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

**8. Entire Agreement.**

This Option Agreement (including these Terms) and the Plan together constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. The Plan and this Option Agreement may be amended pursuant to Section 8.6 of the Plan. Such amendment must be in writing and signed by the Corporation. The Corporation may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect the interests of the Grantee hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

**9. Governing Law.**

This Option Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without regard to conflict of law principles thereunder.

**10. Effect of this Agreement.**

Subject to the Corporation's right to terminate the Option pursuant to Section 7.4 of the Plan, this Option Agreement shall be assumed by, be binding upon and inure to the benefit of any successor or successors to the Corporation.

**11. Counterparts.**

This Option Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

**12. Section Headings.**

The section headings of this Option Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

1. Subject to adjustment under Section 7.1 of the Plan.
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**Red Robin Gourmet Burgers Appoints Two New Members to Its Board of Directors**

Greenwood Village, CO — (BUSINESS WIRE) – September 8, 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 announced the appointment of Richard Howell and Taylor Simonton to the Company’s Board of Directors. Mr. Howell and Mr. Simonton also will serve on the Company’s Audit Committee and both qualify as ‘audit committee financial experts’ under the Sarbanes-Oxley act.

“We welcome Richard and Taylor to Red Robin and look forward to benefiting from their deep business, accounting and financial expertise,” said Dennis Mullen, Chairman and Chief Executive Officer.

Mr. Richard Howell, CPA, was an audit partner with Arthur Andersen LLP for over 25 years. He has extensive experience with public company reporting, audit and risk management functions. In particular, he is well versed in the accounting and related compliance requirements under Sarbanes-Oxley, including internal controls over financial reporting, fraud prevention and detection programs, whistle blowing protocols, and corporate code of conduct and ethics. Mr. Howell is a trustee of the LKCM Funds, a group of mutual funds managed by Luther King Capital Management. He completed his undergraduate and graduate studies at the University of Wisconsin.

Mr. Taylor Simonton, CPA, spent his entire career at PricewaterhouseCoopers LLP, including 23 years as an audit partner in the firm’s Accounting and Business Advisory Services practice. His areas of accounting expertise include SEC and financial reporting, audit committee practices and compliance, and securities offerings. Mr. Simonton currently serves on the board of directors and chairs the audit committee of Fischer Imaging Corporation, a public company that designs, manufactures and markets specialty medical imaging systems using digital technology. He completed his undergraduate studies at the University of Tennessee.

**About Red Robin Gourmet Burgers**

Red Robin Gourmet Burgers ([www.redrobin.com](http://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 assimilation of our new chief executive officer and chief financial officer, and 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 and potential investigations; 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:

Don Duffy  
Integrated Corporate Relations  
203-682-8200