
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended July 8, 2012

or

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

For the transition period from _____ to _____

Commission File Number: 0-49916

RED ROBIN GOURMET BURGERS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

84-1573084

(I.R.S. Employer Identification No.)

**6312 S. Fiddler's Green Circle, Suite 200N
Greenwood Village, CO**

(Address of principal executive offices)

80111

(Zip Code)

(303) 846-6000

(Registrant's telephone number, including area code)

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

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

Class	Outstanding at August 7, 2012
Common Stock, \$0.001 par value per share	14,465,453 shares

T A B L E O F C O N T E N T S

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

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

	July 8, 2012	December 25, 2011
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 29,938	\$ 35,036
Accounts receivable, net	9,620	14,785
Inventories	17,568	18,040
Prepaid expenses and other current assets	9,194	9,970
Income tax receivable	699	1,387
Deferred tax asset	2,611	1,429
Total current assets	<u>69,630</u>	<u>80,647</u>
Property and equipment, net	401,377	402,360
Goodwill	62,525	61,769
Intangible assets, net	38,852	38,969
Other assets, net	10,273	9,231
Total assets	<u>\$ 582,657</u>	<u>\$ 592,976</u>
Liabilities and Stockholders' Equity:		
Current Liabilities:		
Trade accounts payable	\$ 13,652	\$ 14,798
Construction-related payables	4,208	3,328
Accrued payroll and payroll-related liabilities	32,239	35,044
Unearned revenue	16,428	24,139
Accrued liabilities	20,583	19,045
Current portion of term loan, credit facility and capital lease obligations	12,941	10,132
Total current liabilities	<u>100,051</u>	<u>106,486</u>
Deferred rent	43,445	40,025
Notes payable, long-term portion	112,500	136,875
Other long-term debt and capital lease obligations	9,531	9,924
Other non-current liabilities	7,137	4,968
Total liabilities	<u>272,664</u>	<u>298,278</u>
Stockholders' Equity:		
Common stock, \$0.001 par value: 30,000,000 shares authorized; 17,421,788 and 17,276,404 shares issued; 14,469,510 and 14,579,257 shares outstanding	17	17
Preferred stock, \$0.001 par value: 3,000,000 shares authorized; no shares issued and outstanding	—	—
Treasury stock, 2,952,278 and 2,697,147 shares, at cost	(90,996)	(83,285)
Paid-in capital	183,129	178,111
Accumulated other comprehensive loss, net of tax	(644)	(326)
Retained earnings	218,487	200,181
Total stockholders' equity	<u>309,993</u>	<u>294,698</u>
Total liabilities and stockholders' equity	<u>\$ 582,657</u>	<u>\$ 592,976</u>

See notes to condensed consolidated financial statements.

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

	Twelve Weeks Ended		Twenty-eight Weeks Ended	
	July 8, 2012	July 10, 2011	July 8, 2012	July 10, 2011
Revenues:				
Restaurant revenue	\$ 219,932	\$ 212,111	\$ 514,574	\$ 493,659
Franchise royalties and fees and other revenues	3,745	3,684	8,562	8,966
Total revenues	<u>223,677</u>	<u>215,795</u>	<u>523,136</u>	<u>502,625</u>
Costs and expenses:				
Restaurant operating costs (exclusive of depreciation and amortization shown separately below):				
Cost of sales	55,804	53,551	130,879	123,911
Labor (includes \$85, \$130, \$228 and \$375 of stock-based compensation, respectively)	73,075	70,574	171,681	167,445
Operating	28,877	28,981	66,282	67,742
Occupancy	15,790	14,929	36,904	34,757
Depreciation and amortization	12,532	12,634	29,184	29,745
Selling, general and administrative (includes \$983, \$493, \$2,042, and \$1,106 of stock-based compensation, respectively)	25,574	24,540	59,451	56,582
Pre-opening costs	602	1,516	1,585	2,177
Total costs and expenses	<u>212,254</u>	<u>206,725</u>	<u>495,966</u>	<u>482,359</u>
Income from operations	11,423	9,070	27,170	20,266
Other expense:				
Interest expense, net and other	1,267	1,513	3,100	2,868
Income before income taxes	10,156	7,557	24,070	17,398
Income tax expense	2,408	663	5,764	1,795
Net income	<u>\$ 7,748</u>	<u>\$ 6,894</u>	<u>\$ 18,306</u>	<u>\$ 15,603</u>
Earnings per share:				
Basic	<u>\$ 0.53</u>	<u>\$ 0.45</u>	<u>\$ 1.25</u>	<u>\$ 1.01</u>
Diluted	<u>\$ 0.52</u>	<u>\$ 0.44</u>	<u>\$ 1.23</u>	<u>\$ 1.00</u>
Weighted average shares outstanding:				
Basic	<u>14,607</u>	<u>15,263</u>	<u>14,609</u>	<u>15,399</u>
Diluted	<u>14,859</u>	<u>15,539</u>	<u>14,879</u>	<u>15,631</u>

See notes to condensed consolidated financial statements.

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

	Twelve Weeks Ended		Twenty-eight Weeks Ended	
	July 8, 2012	July 10, 2011	July 8, 2012	July 10, 2011
Total comprehensive income	<u>\$ 7,649</u>	<u>\$ 6,894</u>	<u>\$ 17,988</u>	<u>\$ 15,406</u>

See notes to condensed consolidated financial statements.

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

	Twenty-eight Weeks Ended	
	July 8, 2012	July 10, 2011
Cash Flows From Operating Activities:		
Net income	\$ 18,306	\$ 15,603
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	29,184	29,745

Gift card breakage	(586)	(1,060)
Stock-based compensation expense	2,270	1,481
Restaurant closure costs	179	—
Other, net	1,462	(1,597)
Changes in operating assets and liabilities	(732)	10,076
Cash provided by operating activities	50,083	54,248
Cash Flows From Investing Activities:		
Purchases of property and equipment	(24,590)	(19,455)
Acquisition of franchise restaurant, net of cash acquired	(3,247)	—
Changes in marketing fund restricted cash	(480)	(64)
Proceeds from sales of property	382	—
Cash used in investing activities	(27,935)	(19,519)
Cash Flows From Financing Activities:		
Borrowings of long-term debt	—	187,000
Payments of long-term debt	(21,563)	(185,829)
Payments to acquire Treasury Stock	(7,711)	(10,377)
Proceeds from exercise of stock options and employee stock purchase plan	2,443	2,463
Debt issuance costs	—	(2,826)
Payments of other debt and capital lease obligations	(415)	(518)
Cash used in financing activities	(27,246)	(10,087)
Net change in cash and cash equivalents	(5,098)	24,642
Cash and cash equivalents, beginning of period	35,036	17,889
Cash and cash equivalents, end of period	\$ 29,938	\$ 42,531
Supplemental Disclosure of Cash Flow Information:		
Income taxes paid	\$ 2,622	\$ 459
Interest paid, net of amounts capitalized	3,195	2,559

See notes to condensed consolidated financial statements.

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

1. Basis of Presentation and Recent Accounting Pronouncements

Red Robin Gourmet Burgers, Inc., a Delaware corporation, together with its subsidiaries (“Red Robin” or the “Company”), develops and operates casual-dining restaurants. At July 8, 2012, the Company operated 331 company-owned restaurants located in 32 states. Our restaurants include three Red Robin’s Burger Works™, a new, smaller non-traditional prototype with a limited menu and limited service. The Company operates its business as one operating and one reportable segment. The Company also franchises its restaurants, of which there were 131 restaurants in 21 states and two Canadian provinces as of July 8, 2012.

Basis of Presentation

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

The accompanying condensed consolidated financial statements of Red Robin have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”). Certain information and footnote disclosures normally included in the Company’s annual consolidated financial statements on Form 10-K have been condensed or omitted. The condensed consolidated balance sheet as of December 25, 2011, has been derived from the audited consolidated financial statements as of that date, but does not include all disclosures required by generally accepted accounting principles. For further information, please refer to and read these interim condensed consolidated financial statements in conjunction with the Company’s audited consolidated financial statements included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 25, 2011 filed with the SEC on February 23, 2012.

The Company’s quarter which ended July 8, 2012, is referred to as second quarter 2012, or the twelve weeks ended July 8, 2012; the first quarter ended April 15, 2012, is referred to as first quarter 2012, or the sixteen weeks ended April 15, 2012; and, together the first and second quarters of 2012 are referred to as the twenty-eight weeks ended July 8, 2012. The Company’s quarter which ended July 10, 2011, is referred to as second quarter 2011, or the twelve weeks ended July 10, 2011; the first quarter ended April 17, 2011, is referred to as first quarter 2011, or the sixteen weeks ended April 17, 2011; and, together the first and second quarters of 2011 are referred to as the twenty-eight weeks ended July 10, 2011.

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (“FASB”) issued “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (“IFRS”).” This pronouncement was issued to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and IFRS. This guidance changes certain fair value measurement principles and enhances the disclosure requirements particularly for Level 3 fair value measurements. This pronouncement is effective for reporting periods beginning on or after December 15, 2011. The adoption of this guidance did not have a significant impact on the Company’s consolidated financial position or results of operations.

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

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December 15, 2011. In December 2011, the FASB issued a “Deferral of the Effective Date for Amendments to the Presentation of Reclassification of Items Out of Accumulated Other Comprehensive Income.” This defers only the changes that relate to the presentation of reclassification adjustments on the face of the financial statements where the components of net income and the components of other comprehensive income are presented. These amendments are to be applied retrospectively and are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The adoption of this guidance did not have a significant impact on the Company’s consolidated financial position or results of operations.

In September 2011, the FASB finalized guidance on “Testing Goodwill for Impairment”. The new guidance simplifies how entities test goodwill for impairment and permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. This guidance is effective for fiscal years beginning after December 15, 2011. The adoption of this guidance did not have a significant impact on the Company’s consolidated financial position or results of operations.

2. Restaurant Impairment and Closures

The Company closed one restaurant in each of the first and second quarters of 2012, and no impairments to restaurants were necessary during first and second quarter 2012.

The Company closed no restaurants in the first or second quarter of 2011, and no impairments to restaurants were necessary during first or second quarter 2011.

3. Stock-Based Compensation

Stock Options

During the twelve weeks ended July 8, 2012, the Company issued no options. Compensation expense for issued options is recognized over the remaining vesting period less expected forfeitures. The weighted-average vesting period for all options outstanding is approximately 1.4 years. The Company issued 110,000 options with a weighted-average grant date fair value of \$15.28 per share and a weighted-average exercise price of \$34.60 per share during the twelve weeks ended July 10, 2011.

During the twenty-eight weeks ended July 8, 2012, the Company issued 97,000 options with a weighted-average grant date fair value of \$14.60 per share and a weighted-average exercise price of \$35.44 per share. Compensation expense for these options is recognized over the remaining weighted-average vesting period for all options outstanding which is approximately 1.4 years. The Company issued 133,000 options with a weighted-average grant date fair value of \$14.40 per share and a weighted-average exercise price of \$32.75 per share during the twenty-eight weeks ended July 10, 2011.

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

	Twelve Weeks Ended		Twenty-eight Weeks Ended	
	July 8, 2012	July 10, 2011	July 8, 2012	July 10, 2011
Risk-free interest rate	N/A	1.2%	0.7%	1.2%
Expected years until exercise	N/A	3.6	4.1	3.6
Expected stock volatility	N/A	60.0%	52.8%	60.0%
Dividend yield	N/A	—%	—%	—%
Weighted-average Black-Scholes fair value per share at date of grant	N/A	\$ 15.28	\$ 14.60	\$ 14.40

N/A - Not applicable

Restricted Stock

The Company did not issue any shares of restricted stock during the twelve and twenty-eight weeks ended July 8, 2012 or during the twelve and twenty-eight weeks ended July 10, 2011. Compensation expense for the aggregate 3,000 shares of non-vested common stock outstanding at July 8, 2012 is recognized over the remaining vesting period, less expected forfeitures. The remaining weighted-average vesting period is approximately 0.6 years. These awards vest in installments over four years on the anniversary dates.

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Time-Based RSUs

During the twelve weeks ended July 8, 2012, the Company granted 32,000 time-based restricted stock units (“RSUs”) to employees and non-employee directors under the Second Amended and Restated 2007 Performance Incentive Plan (the “Stock Plan”) with a weighted-average grant date fair value of \$32.31. The fair value of each RSU granted is equal to the market price of the Company’s stock at the date of grant. Compensation expense for RSUs is recognized over the vesting period, less expected forfeitures.

The weighted-average vesting period for all RSUs outstanding is approximately 1.6 years. The RSUs granted to employees vest in equal installments over three to four years on the anniversary date and, upon vesting, the Company issues one share of the Company’s common stock for each RSU. The RSUs granted to non-employee directors are scheduled to vest in three equal installments on the first, second, and third anniversaries of the date of grant and the shares underlying the units will be distributed upon vesting. The Company granted 40,000 RSUs under the Stock Plan with a weighted-average grant date fair value of \$34.61 during the twelve weeks ended July 10, 2011.

During the twenty-eight weeks ended July 8, 2012, the Company granted 63,000 RSUs under the Stock Plan with a weighted-average grant date fair value of \$33.84. The fair value of each RSU granted is equal to the market price of the Company’s stock at date of grant. Compensation expense for the RSUs is recognized over the remaining weighted-average vesting period, less expected forfeitures, for all RSUs outstanding which is approximately 1.6 years. The Company granted 43,000 RSUs under the Stock

Plan with a weighted-average grant date fair value of \$33.77 during the twenty-eight weeks ended July 10, 2011.

Performance-Based RSUs

During the twenty-eight weeks ended July 8, 2012 and July 10, 2011, the Company granted no performance based restricted stock units (“PSUs”) under the Stock Plan. PSUs are subject to company performance metrics based on Total Shareholder Return and measure the overall stock price performance of the Company to the stock price performance of a selected industry peer group, thus resulting in a market condition. The actual number of PSUs subject to the awards will be determined at the end of the performance period based on the performance metrics. The fair value of the PSUs was calculated using the Monte Carlo valuation method. This method utilizes multiple input variables to determine the probability of the Company achieving the market condition and the fair value of the awards. These awards have a three-year performance period and are classified as equity because each unit is convertible into one share of the Company’s common stock upon vesting. Compensation expense is recognized on a straight-line basis over the requisite service period (or until an employee’s eligible retirement date, if earlier).

4. Earnings per Share

Basic earnings per share amounts are calculated by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted earnings per share amounts are calculated based upon the weighted-average number of common shares and potentially dilutive shares of common stock outstanding during the period. Potentially dilutive shares are excluded from the computation in periods in which they have an anti-dilutive effect. Diluted earnings per share reflect the potential dilution that could occur if holders of options exercised their options into common stock. During the twelve and twenty-eight weeks ended July 8, 2012, stock options outstanding of 324,000 and 305,000, respectively, were not included in the computation of diluted earnings per share because to do so would have been anti-dilutive for the periods presented. During the twelve and twenty-eight weeks ended July 10, 2011, stock options outstanding of 172,000 and 191,000, respectively, were not included in the computation of diluted earnings per share because to do so would have been anti-dilutive for the periods presented. The Company uses the treasury stock method to calculate the effect of outstanding stock options. The computations for basic and diluted earnings per share are as follows (in thousands, except per share data):

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	Twelve Weeks Ended		Twenty-eight Weeks	
	July 8, 2012	July 10, 2011	July 8, 2012	July 10, 2011
Net income	\$ 7,748	\$ 6,894	\$ 18,306	\$ 15,603
Basic weighted-average shares outstanding	14,607	15,263	14,609	15,399
Dilutive effect of stock options and awards	252	276	270	232
Diluted weighted-average shares outstanding	14,859	15,539	14,879	15,631
Earnings per share:				
Basic	\$ 0.53	\$ 0.45	\$ 1.25	\$ 1.01
Diluted	\$ 0.52	\$ 0.44	\$ 1.23	\$ 1.00

5. Acquisition of Red Robin Franchised Restaurant

On April 9, 2012, the Company entered into an agreement with one of its franchisees to purchase the assets of one restaurant. This acquisition closed on June 19, 2012. The purchase price was approximately \$3.2 million. The consolidated statements of operations include the results of operations for the restaurant from the date of acquisition. The pro forma impact of the acquisition on prior periods is not presented, as the impact was not material to reported results.

The Company preliminarily allocated the purchase price to the tangible and intangible assets acquired in the acquisition at their estimated fair values with the remainder allocated to goodwill as follows: \$1.9 million to intangibles, which represent the fair value of franchise rights and liquor licenses, \$760,000 to goodwill, \$540,000 to fixed assets and \$47,000 to inventory. The fair value measurement of tangible and intangible assets and liabilities as of the acquisition date is based on significant inputs not observed in the market and thus represents a Level 3 measurement and are subject to change.

6. Gift Card Breakage

The Company sells gift cards which do not have an expiration date, and it does not deduct dormancy fees from outstanding gift card balances. The Company recognizes revenue from gift cards when: (i) the gift card is redeemed by the customer or (ii) the likelihood of the gift card being redeemed by the customer is remote, and the Company determines that there is not a legal obligation to remit the unredeemed gift card balance to the relevant jurisdiction (gift card breakage). The determination of the gift card breakage rate is based upon the Company’s specific historical redemption patterns. The Company recognizes gift card breakage by applying its estimate of the rate of gift card breakage over the period of estimated performance (generally, 24 months). For the twelve and twenty-eight weeks ended July 8, 2012, the Company recognized gift card breakage of \$362,000 and \$586,000, respectively. For the twelve and twenty-eight weeks ended July 10, 2011, the Company recognized \$304,000 and \$1.1 million (inclusive of the initial cumulative program adjustment of \$438,000 for third-party gift card sales). Gift card breakage is included in other revenue in the consolidated statements of operations.

7. Advertising Costs

Costs incurred in connection with the advertising and marketing of the Company are included in selling, general, and administrative expenses. These costs include salaries, variable compensation, advertising, media, and marketing materials. Media costs are expensed as incurred or when the advertisement first runs. Advertising and marketing costs amounted to \$8.1 million and \$18.0 million for the twelve weeks and twenty-eight weeks ended July 8, 2012, respectively, and \$7.9 million and \$16.8 million, respectively, for the twelve and twenty-eight weeks ended July 10, 2011.

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

8. Derivative and Other Comprehensive Income

The Company enters into derivative instruments for risk management purposes only, including derivatives designated as a cash flow hedge under guidance for derivative instruments and hedging activities. The Company uses interest rate-related derivative instruments to manage its exposure to fluctuations in interest rates. By using these instruments, the Company exposes itself, from

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time to time, to credit risk and market risk. Credit risk is the failure of either party to the contract to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Company, which creates credit risk for the Company. The Company minimizes the credit risk by entering into transactions with high-quality counterparties whose credit rating is evaluated on a quarterly basis. The Company has one interest rate swap as of July 8, 2012 and its counterparty is Rabobank International, Utrecht (“Rabobank”). Market risk, as it relates to the Company’s interest-rate derivative, is the adverse effect on the value of a financial instrument that results from changes in interest rates. The Company minimizes market risk by establishing and monitoring parameters that limit the types and degree of market risk that the Company takes.

In August 2011, the Company entered into a variable-to-fixed interest rate swap agreement with Rabobank to hedge the Company’s floating interest rate on a portion of the remaining term loan that is outstanding as of July 8, 2012 under the Company’s amended and restated credit facility, or \$69.8 million notional at July 8, 2012. The interest rate swap has an effective date of August 5, 2011. In accordance with its original terms \$3.3 million and \$0.9 million of the initial \$74.1 million expired in 2012 and 2011 respectively. The notional amount of the hedge will decrease quarterly based on the principal term loan payments, and will expire on June 30, 2015 with a notional hedge amount of \$50.6 million. The Company is required to make quarterly payments based on a fixed interest rate of 1.135%, calculated based on the remaining notional amount. In exchange, the Company receives interest on the notional amount at a variable rate that is based on the 3-month spot LIBOR rate quarterly. The Company entered into this interest rate swap to offset the variability of its interest expense arising out of changes in the variable interest rate for the designated interest payments and designated the swap as a cash flow hedge. Accordingly, changes in fair value of the interest rate swap contract are recorded, net of taxes, as a component of accumulated other comprehensive loss (“AOCL”) in the accompanying condensed consolidated balance sheets. The Company reclassifies the effective gain or loss from AOCL, net of tax, on the Company’s consolidated balance sheet to interest expense on the Company’s consolidated statements of income as the interest expense is recognized on the related debt.

In March 2008, the Company entered into a variable-to-fixed interest rate swap agreement with SunTrust Bank, National Association to hedge the Company’s floating interest rate on an aggregate of up to \$120 million of debt that was outstanding under the Company’s amended and restated credit facility. The interest rate swap had an effective date of March 19, 2008, and \$50 million of the initial \$120 million expired on March 19, 2010, and the remaining \$70 million expired on March 19, 2011, in accordance with its original terms.

The following table summarizes the fair value and presentation in the condensed consolidated balance sheets of the interest rate swap as hedging instruments as of July 8, 2012 and December 25, 2011 (in thousands):

Balance Sheet Location	Derivative Liability	
	Fair Value at July 8, 2012	Fair Value at December 25, 2011
Accrued liabilities	\$ 452	\$ 449
Other non-current liabilities	604	85
Total derivatives	\$ 1,056	\$ 534

The following table summarizes the effect of the interest rate swap on the condensed consolidated statements of operations for the twelve and twenty-eight weeks ended July 8, 2012 and July 10, 2011 (in thousands):

	Twelve Weeks Ended		Twenty-eight Weeks Ended	
	July 8, 2012	July 10, 2011	July 8, 2012	July 10, 2011
Unrealized loss on swap in AOCL (pretax)	\$ (272)	\$ —	\$ (763)	\$ —
Realized gain (loss) recognized in interest expense	\$ (110)	\$ —	\$ (241)	\$ 408

As a result of this activity, AOCL decreased by \$163,000 on a pretax basis or \$99,000 on an after tax basis for the twelve weeks ended July 8, 2012. There was no activity for the twelve weeks ended July 10, 2011. AOCL decreased by \$522,000 and \$440,000 on a pretax basis or \$318,000 and \$197,000 on an after-tax basis for the twenty-eight weeks ended July 8, 2012 and July 10, 2011, respectively. The interest rate swap had no hedge ineffectiveness, and as a result, no unrealized gains or losses were reclassified into

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net earnings as a result of hedge ineffectiveness. The Company expects no ineffectiveness in the next twelve months. Additionally, the Company had no obligations at July 8, 2012 to post collateral under the terms of the interest rate swap agreement.

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

	Twelve Weeks Ended		Twenty-eight Weeks Ended	
	July 8, 2012	July 10, 2011	July 8, 2012	July 10, 2011
Net income	\$ 7,748	\$ 6,894	\$ 18,306	\$ 15,603
Unrealized loss on cash flow swap, net of tax	(99)	—	(318)	(197)
Total comprehensive income	\$ 7,649	\$ 6,894	\$ 17,988	\$ 15,406

9. Fair Value Measurement

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

Level 1: Observable inputs that reflect unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs that are generally unobservable. These inputs may be used with internally developed methodologies that result in management’s best estimate of fair value.

The derivative liability associated with the interest rate swap is considered to be a Level 2 instrument. The interest rate swap was a standard cash flow hedge with a fair value estimated using industry-standard valuation models. Such models project future cash flows and discount the future amounts to a present value using market-based observable inputs, including interest rate curves. See Note 8, *Derivative and Other Comprehensive Income*, for the discussion of the derivative liability.

The Company's deferred compensation plan is a nonqualified deferred compensation plan which allows highly compensated employees to defer a portion of their base salary, variable compensation and commissions each plan year. The carrying value of both the liability for the deferred compensation plan and associated life insurance policy are equal to their fair value. These agreements are required to be measured at fair value on a recurring basis and are valued using Level 2 inputs. As of July 8, 2012, and December 25, 2011, a liability for participant contributions and investment income thereon of \$2.7 million and \$2.6 million, respectively, is included in other non-current liabilities. To offset its obligation, the Company's plan administrator purchases corporate-owned whole-life insurance contracts on certain team members. The cash surrender value of these policies as of July 8, 2012, and December 25, 2011, was \$2.7 million and \$2.5 million, respectively, and is included in other assets, net.

As of July 8, 2012, the Company had no financial assets or liabilities that were measured using Level 1 or Level 3 inputs other than the tangible and intangible assets and liabilities recorded for the franchise restaurant acquisition discussed in Note 5, *Acquisition of Red Robin Franchised Restaurant*. The Company also had no non-financial assets or liabilities that were required to be measured at fair value on a recurring basis.

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The following table presents our assets and liabilities that are fair valued on a recurring basis for the quarter ended July 8, 2012, and for the fiscal year ended December 25, 2011 (in thousands):

	July 8, 2012	Level 1	Level 2	Level 3
Assets:				
Life insurance policy	\$ 2,699	\$ —	\$ 2,699	\$ —
Total assets measured at fair value	<u>\$ 2,699</u>	<u>\$ —</u>	<u>\$ 2,699</u>	<u>\$ —</u>
Liabilities:				
Derivative - interest rate swap	\$ 1,056	\$ —	\$ 1,056	\$ —
Deferred compensation plan	2,748	—	2,748	—
Total liabilities measured at fair value	<u>\$ 3,804</u>	<u>\$ —</u>	<u>\$ 3,804</u>	<u>\$ —</u>
	December 25, 2011	Level 1	Level 2	Level 3
Assets:				
Life insurance policy	\$ 2,534	\$ —	\$ 2,534	\$ —
Total assets measured at fair value	<u>\$ 2,534</u>	<u>\$ —</u>	<u>\$ 2,534</u>	<u>\$ —</u>
Liabilities:				
Derivative - interest rate swap	\$ 534	\$ —	\$ 534	\$ —
Deferred compensation plan	2,608	—	2,608	—
Total liabilities measured at fair value	<u>\$ 3,142</u>	<u>\$ —</u>	<u>\$ 3,142</u>	<u>\$ —</u>

Disclosures of Fair Value of Other Assets and Liabilities

The Company's liabilities under its credit agreement and capital leases are carried at historical cost in the accompanying consolidated balance sheet. For disclosure purposes, we estimate the fair value of the credit facility and capital lease obligations using discounted cash flow analysis based on market rates obtained from independent third parties for similar types of debt. The inputs used to value both the credit facility and the Company's capital lease obligations are considered to be Level 2 instruments. The carrying amount of the Company's credit facility as of July 8, 2012, and December 25, 2011, was approximately \$124.7 million and \$146.3 million, respectively. The fair value of the Company's credit facility as of July 8, 2012, and December 25, 2011, was approximately \$122.7 million and approximately \$147.6 million, respectively. There are \$10.3 million of outstanding borrowings recorded for the Company's capital leases as of July 8, 2012, which have an estimated fair value of \$11.4 million. At December 25, 2011, the carrying amount of the Company's capital lease obligations was \$10.7 million, and the fair value was \$11.7 million.

10. Related Party Transactions

In 2009, the Company appointed a member who was a former franchisee, to its board of directors who qualifies as a related party. This board member is a principal of, and holds, directly or indirectly, interests of between 45% and 100% in each of three privately-held entities that hold the leases for three Company-owned restaurants. The Company acquired the three restaurants as part of a larger acquisition of franchised restaurants in 2006. As part of the acquisition, the Company assumed the existing leases for the three restaurants, which had been in place prior to the acquisition. This transaction was completed and the leases were assumed approximately three years before the director joined the Company's board. Under the leases, the Company recognized rent and other related payments in the amounts of \$320,000 and \$305,000 for the twelve weeks ended July 8, 2012 and July 10, 2011, respectively, and \$698,000 and \$647,000 for the twenty-eight weeks ended July 8, 2012 and July 10, 2011, respectively. Future minimum lease commitments under these leases are \$4.3 million as of July 8, 2012.

11. Commitments and Contingencies

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

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statements and that the ultimate resolution of these matters will not have a material adverse effect on our financial position and results of operations.

12. Share Repurchases

In August 2010, the Company's board of directors authorized a repurchase of up to \$50.0 million of the Company's equity securities which was scheduled to expire on December 31, 2011. On October 26, 2011, the Company's board of directors re-authorized a repurchase of up to \$50.0 million of the Company's common stock, which will

expire on December 31, 2012. Under this authorization, repurchases of our common stock may be made from time to time in open market transactions and through privately negotiated transactions. This repurchase plan does not obligate the Company to acquire any specific number of shares or acquire shares over any specified period of time. For both the twelve and twenty-eight weeks ended July 8, 2012, there were 255,131 shares repurchased with an average purchase price of \$30.22 per share for a total of \$7.7 million. There were 25,000 shares repurchased in second quarter 2011 with an average purchase price of \$33.57 per share for a total of \$840,000. For the twenty-eight weeks ended July 10, 2011, there were 422,530 shares repurchased with an average purchase price of \$24.56 per share for a total of \$10.4 million. As of July 8, 2012, there was \$40.0 million of the Company's common stock that may be purchased under the current board authorized repurchase plan.

13. Subsequent Events

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

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

Management's Discussion and Analysis of Financial Condition and Results of Operations provides a narrative of our financial performance and condition that should be read in conjunction with the accompanying condensed consolidated financial statements. All comparisons under this heading between 2012 and 2011 refer to the twelve and twenty-eight week periods ending July 8, 2012 and July 10, 2011, respectively, unless otherwise indicated.

Overview

Red Robin Gourmet Burgers, Inc., a Delaware corporation, together with its subsidiaries ("Red Robin" or the "Company"), primarily develops and operates casual-dining restaurants. At July 8, 2012, the Company operated 331 company-owned restaurants located in 32 states. Our restaurants include three Red Robin's Burger Works™, a new, smaller non-traditional prototype with a limited menu and limited service. The Company operates its business as one operating and one reportable segment. The Company also franchises its restaurants, of which there were 131 restaurants in 21 states and two Canadian provinces as of July 8, 2012.

The following summarizes certain operational and financial highlights during the twelve and twenty-eight weeks ended July 8, 2012 and our outlook for the remainder of 2012:

- *New Restaurant Openings.* We opened one and five company-owned restaurants, including one and two Red Robin's Burger Works, during the twelve and twenty-eight weeks ended July 8, 2012, respectively. We plan to open up to ten additional company-owned restaurants in 2012, including two Red Robin's Burger Works, which we expect to fund from our operating cash flows.
- *Comparable Restaurant Sales.* Comparable restaurants include those Company-owned restaurants that have achieved five full quarters of operations during the periods presented, and such restaurants are only included in our comparable metrics if they are comparable for the entirety of both periods presented. For the twelve weeks ended July 8, 2012, the 312 restaurants in our comparable base experienced an 80 basis point increase in net sales from these same restaurants in the same period last year. This increase was driven by a 90 basis point increase in guest count, partially offset by a 10 basis point decrease in average guest check. For the twenty-eight weeks ended July 8, 2012, the restaurants in our comparable base experienced an 80 basis point increase in net sales from the same period last year, which was driven by a 250 basis point increase in average guest check, offset by a 170 basis point decrease in guest count.
- *Marketing Efforts.* We launched our Red Royalty™ loyalty program in all of our Company-owned restaurants during first quarter 2011 and have since added 63 franchise locations to the program. We continued to enhance and add menu items including offering a new Red's Tavern Double burger with all-you-can-eat Bottomless Steak Fries® at an everyday starting price of \$6.99, as well as offering limited time menu items, supported with national television and social media campaigns.

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- *Food Costs.* As a percentage of restaurant revenue, we have experienced an increase in cost of goods during the twelve and twenty-eight weeks ended July 8, 2012 compared to the prior year. In particular, the cost of potatoes, ground beef, and fry oil increased. In addition, national and international supply-demand imbalances and other factors such as continued drought conditions throughout a large portion of the United States, continue to increase commodity prices, which we believe will have a moderate negative effect on our costs of sales for the remainder of this fiscal year and next year.
- *Labor.* Labor costs as a percentage of restaurant revenue decreased 10 basis points and 50 basis points for the twelve and twenty-eight weeks ended July 8, 2012, respectively from the same periods in 2011. These decreases are driven primarily by lower controllable labor cost, payroll taxes and workers' compensation benefit costs, partially offset by increased group insurance costs.

Restaurant Data

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

	Twelve Weeks Ended		Twenty-eight Weeks	
	July 8, 2012	July 10, 2011	July 8, 2012	July 10, 2011
Company-owned (a):				
Beginning of period	330	315	327	314
Opened during period (b)	1	6	5	7
Acquired from franchisee	1	—	1	—
Closed during period	(1)	—	(2)	—
End of period	331	321	331	321
Franchised:				
Beginning of period	136	137	137	136
Opened during period	—	1	—	2
Sold or closed during period	(5)	(1)	(6)	(1)
End of period	131	137	131	137
Total number of Red Robin restaurants	462	458	462	458

(a) The average size of our Company-owned full service casual dining restaurants is approximately 6,500 square feet.

(b) Includes one Red Robin's Burger Works in the twelve weeks ended July 8, 2012, and includes two Red Robin's Burger Works in the twenty-eight weeks ended July 8, 2012.

Results of Operations

Operating results for each period presented below are expressed as a percentage of total revenues, except for the components of restaurant operating costs, which are expressed as a percentage of restaurant revenue. Variances are described in terms of basis points in which a basis point is one one-hundredth of one percent.

This information has been prepared on a basis consistent with our audited 2011 annual financial statements and, in the opinion of management, includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information for the periods presented. Our operating results may fluctuate significantly as a result of a variety of factors, and operating results for any period presented are not necessarily indicative of results for a full fiscal year.

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	Twelve Weeks Ended		Twenty-eight Weeks Ended	
	July 8, 2012	July 10, 2011	July 8, 2012	July 10, 2011
Revenues:				
Restaurant	98.3%	98.3%	98.4%	98.2%
Franchise royalties and fees and other revenues	1.7	1.7	1.6	1.8
Total revenues	100.0	100.0	100.0	100.0
Costs and Expenses:				
Restaurant operating costs (exclusive of depreciation and amortization shown separately below):				
Cost of sales	25.4	25.2	25.4	25.1
Labor (includes 0.0%, 0.1%, 0.0%, and 0.1% of stock-based compensation expense, respectively)	33.2	33.3	33.4	33.9
Operating	13.1	13.7	12.9	13.7
Occupancy	7.2	7.0	7.2	7.0
Total restaurant operating costs	78.9	79.2	78.9	79.8
Depreciation and amortization	5.6	5.9	5.6	5.9
Selling, general and administrative (includes 0.4%, 0.2%, 0.4%, and 0.2% of stock-based compensation expense, respectively)	11.4	11.4	11.4	11.3
Pre-opening costs	0.3	0.7	0.3	0.4
Income from operations	5.1	4.2	5.2	4.0
Interest expense, net and other	0.6	0.7	0.6	0.6
Income before income taxes	4.5	3.5	4.6	3.5
Income tax expense	1.1	0.3	1.1	0.4
Net income	3.5%	3.2%	3.5%	3.1%

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

Total Revenues

	Twelve Weeks Ended			Twenty-eight Weeks Ended		
	July 8, 2012	July 10, 2011	Percent Change	July 8, 2012	July 10, 2011	Percent Change
Restaurant revenue (1)	\$ 219,932	\$ 212,111	3.7%	\$ 514,574	\$ 493,659	4.2%
Franchise royalties and fees and other revenue (1)	3,745	3,684	1.7%	8,562	8,966	(4.5)%
Total revenues (1)	\$ 223,677	\$ 215,795	3.7%	\$ 523,136	\$ 502,625	4.1%
Average weekly net sales volumes in Company-owned restaurants						
Total restaurants	\$ 55,774	\$ 55,551	0.4%	\$ 56,076	\$ 55,740	0.6%
Operating weeks	3,931	3,818	3.0%	9,156	8,856	3.4%

(1) In thousands, except percentages.

Restaurant revenue during the twelve weeks ended July 8, 2012, which is comprised almost entirely of food and beverage sales, increased by \$7.8 million compared to second quarter 2011. Sales in our comparable restaurant base increased approximately \$1.6 million 0.8% during the second quarter 2012. This increase was primarily the result of a 0.9% increase in guest count, partially offset by a 0.1% decrease in average guest check. Net sales for non-comparable restaurants contributed an increase of \$6.1 million over the prior year quarter, substantially all of which was attributed to revenue from restaurants opened since the end of the third quarter of 2011.

Restaurant revenue for the twenty-eight week period ended July 8, 2012, increased \$20.9 million, or 4.2%, compared to the twenty-eight weeks ended July 10, 2011. The restaurants in our comparable base experienced an 80 basis point increase in revenue

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from the same period last year, which was driven by a 250 basis point increase in average guest check, offset by a 170 basis point decrease in guest count. Revenue for non-comparable restaurants contributed an increase of \$16.8 million in restaurant revenue.

We believe restaurant revenue increases for the twelve and twenty-eight weeks ended July 8, 2012 were driven by a combination of our second and fourth quarter 2011 menu price increases, 1.5% and 0.9%, respectively, the nationwide rollout of our tri-fold menu, the Red Royalty loyalty program, as well as the opening of new restaurants since July 10, 2011.

Average weekly sales volumes represent the total restaurant revenue for a population of restaurants in both a comparable and non-comparable category for each time period presented, divided by the number of operating weeks in the period. Comparable restaurant average weekly sales volumes include those restaurants that are in the comparable base at the end of each period presented. At the end of the second quarter 2012, there were 312 comparable restaurants. Non-comparable restaurants are primarily restaurants that are open but by definition not included in the comparable category because they have not yet operated for five full quarters. At the end of the second quarter 2012, there were 16 non-comparable restaurants. Fluctuations in average weekly sales volumes for comparable restaurants reflect the effect of same store sales changes as well as the performance of new restaurants entering the comparable base during the period.

Franchise royalties and fees, which consist primarily of royalty income and initial franchise fees, increased 0.1% and 1.0% for the twelve and twenty-eight weeks ended July 8, 2012, respectively. The twelve and twenty-eight week increase is primarily attributable to the increased sales at franchise locations. Our franchisees reported that comparable restaurant sales increased 2.2% for U.S. restaurants and decreased 0.3% for Canadian restaurants for the second quarter of 2012 compared to the second quarter of 2011. For the twenty-eight weeks ended July 8, 2012, our franchisees reported that comparable restaurant sales for U.S. restaurants increased 2.2% and Canadian restaurants increased 3.9% from the twenty-eight week period ended July 10, 2011.

Other revenue consists primarily of gift card breakage. We recognized \$0.4 million and \$0.3 million, respectively, of gift card breakage for the twelve weeks ended July 8, 2012 and July 10, 2011. For the twenty-eight weeks ended July 8, 2012 and July 10, 2011, we recognized \$0.6 million and \$1.1 million, respectively, of gift card breakage. During the first quarter 2011, we recognized \$0.4 million of third-party gift card revenue as an initial cumulative program adjustment for gift card sales sold in third party retail locations.

Cost of Sales

(In thousands, except percentages)	Twelve Weeks Ended			Twenty-eight Weeks Ended		
	July 8, 2012	July 10, 2011	Percent Change	July 8, 2012	July 10, 2011	Percent Change
Cost of sales	\$ 55,804	\$ 53,551	4.2%	\$ 130,879	\$ 123,911	5.6%
As a percent of restaurant revenue	25.4%	25.2%	0.2%	25.4%	25.1%	0.3%

Cost of sales, comprised of food and beverage expenses, are variable and generally fluctuate with sales volume. For the twelve weeks ended July 8, 2012, cost of sales as a percentage of restaurant revenue increased 20 basis points, or \$2.3 million, compared to the same period in the prior year. This increase was driven by an approximate 120 basis points increase in commodity costs, in particular, potatoes, ground beef, and fry oil. These increases were partially offset by a 70 basis point decrease in produce and cheese costs.

For the twenty-eight weeks ended July 8, 2012, cost of sales as a percentage of restaurant revenue increased 30 basis points, or \$7.0 million, from the twenty-eight weeks ended July 10, 2011. This increase was driven by a 90 basis points increase in commodity costs, including potatoes, ground beef, and fry oil partially offset by a 70 basis point decrease related to lower produce and cheese costs.

Labor

(In thousands, except percentages)	Twelve Weeks Ended			Twenty-eight Weeks Ended		
	July 8, 2012	July 10, 2011	Percent Change	July 8, 2012	July 10, 2011	Percent Change
Labor	\$ 73,075	\$ 70,574	3.5%	\$ 171,681	\$ 167,445	2.5%
As a percent of restaurant revenue	33.2%	33.3%	(0.1)%	33.4%	33.9%	(0.5)%

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Labor costs include restaurant hourly wages, restaurant management salaries, stock-based compensation, variable compensation, taxes, and benefits for restaurant team members. For the twelve weeks ended July 8, 2012, labor costs as a percentage of restaurant revenue decreased 10 basis points. Contributing to this decrease as a percentage of restaurant revenue was a 50 basis point decrease in workers' compensation benefit costs and payroll taxes. This decrease is partially offset by a 40 basis point increase in group insurance costs.

For the twenty-eight weeks ended July 8, 2012, labor as a percentage of restaurant revenue decreased 50 basis points from the twenty-eight weeks ended July 10, 2011. This decrease is driven primarily by a 50 basis point decrease in controllable labor cost and a 30 basis point decrease in payroll taxes and workers' compensation benefit costs. These decreases were partially offset by a 30 basis point increase in group insurance costs and management salaries from merit increases.

Operating

(In thousands, except percentages)	Twelve Weeks Ended			Twenty-eight Weeks Ended		
	July 8, 2012	July 10, 2011	Percent Change	July 8, 2012	July 10, 2011	Percent Change
Operating	\$ 28,877	\$ 28,981	(0.4)%	\$ 66,282	\$ 67,742	(2.2)%
As a percent of restaurant revenue	13.1%	13.7%	(0.6)%	12.9%	13.7%	(0.8)%

Operating costs include variable costs such as restaurant supplies and fixed costs such as energy costs and repairs and maintenance. For the twelve weeks ended July 8, 2012, operating costs as a percentage of restaurant revenue decreased 60 basis points over prior year primarily due to a 30 basis point decrease in payment card processing fees resulting from legislative changes as well as a 30 basis point decrease in utility and telephone expenses.

For the twenty-eight weeks ended July 8, 2012, operating costs as a percentage of restaurant revenue decreased 80 basis points, or \$1.5 million. This decrease was primarily due to a 30 basis point decrease in supply costs, a 30 basis point decrease in payment card processing fees, and a 20 basis point decrease in utility costs.

Occupancy

(In thousands, except percentages)	Twelve Weeks Ended			Twenty-eight Weeks Ended		
	July 8, 2012	July 10, 2011	Percent Change	July 8, 2012	July 10, 2011	Percent Change
Occupancy	\$ 15,790	\$ 14,929	5.8%	\$ 36,904	\$ 34,757	6.2%
As a percent of restaurant revenue	7.2%	7.0%	0.2%	7.2%	7.0%	0.2%

Occupancy costs include fixed rents, percentage rents, common area maintenance charges, real estate and personal property taxes, general liability insurance, and other property costs. Our occupancy costs generally increase with increases in sales volume from contingent rents or the addition of new restaurants, but decline as a percentage of restaurant revenue as we leverage our fixed costs. Fixed rents for the twelve and twenty-eight weeks ended July 8, 2012 were \$10.3 million and \$23.7 million, respectively. Fixed rents for the twelve and twenty-eight weeks ended July 10, 2011 were \$9.7 million and \$22.5 million, respectively. The increase in occupancy costs as a percent of restaurant revenue over prior year for the twelve and twenty-eight week period was primarily due to the increase in fixed rents related to the additional restaurants opened

since second quarter 2011.

Depreciation and Amortization

(In thousands, except percentages)	Twelve Weeks Ended			Twenty-eight Weeks Ended		
	July 8, 2012	July 10, 2011	Percent Change	July 8, 2012	July 10, 2011	Percent Change
Depreciation and amortization	\$ 12,532	\$ 12,634	(0.8)%	\$ 29,184	\$ 29,745	(1.9)%
As a percent of total revenues	5.6%	5.9%	(0.3)%	5.6%	5.9%	(0.3)%

Depreciation and amortization includes depreciation of capital investments for restaurants and corporate assets as well as amortization of acquired intangible assets and liquor licenses. Depreciation and amortization expense decreased over the prior year periods due, in part, to three and five-year depreciable equipment for restaurants opened in 2008 and 2006 becoming fully depreciated. Depreciation and amortization as a percentage of revenue for the twelve and twenty-eight weeks ended July 8, 2012, decreased due primarily to leverage from higher restaurant sales volumes on these fixed expenses.

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Selling, General and Administrative

(In thousands, except percentages)	Twelve Weeks Ended			Twenty-eight Weeks Ended		
	July 8, 2012	July 10, 2011	Percent Change	July 8, 2012	July 10, 2011	Percent Change
Selling, general and administrative	\$ 25,574	\$ 24,540	4.2%	\$ 59,451	\$ 56,582	5.1%
As a percent of total revenues	11.4%	11.4%	0.0%	11.4%	11.3%	0.1%

Selling, general and administrative costs include all corporate and administrative functions that support our restaurant operations, our franchise operations, and provide infrastructure to facilitate our future growth. Components of this category include compensation and benefits of corporate management, supervisory and staff, marketing and media costs, travel, information systems, training, office rent, franchise administrative support, board of directors' expenses, legal, and professional and consulting fees. For the twelve weeks ended July 8, 2012, selling, general and administrative costs increased 4.2%, or \$1.0 million, due primarily to higher stock-based compensation, gift card fees to third party vendors and gift card production and consulting fees paid for information technology infrastructure changes.

For the twenty-eight weeks ended July 8, 2012, selling, general and administrative costs increased 5.1%, or \$2.9 million, due primarily to increased gift card fees to third party vendors and gift card production, stock-based compensation, and consulting fees paid for information technology infrastructure changes.

Pre-opening Costs

(In thousands, except percentages)	Twelve Weeks Ended			Twenty-eight Weeks Ended		
	July 8, 2012	July 10, 2011	Percent Change	July 8, 2012	July 10, 2011	Percent Change
Pre-opening costs	\$ 602	\$ 1,516	(60.3)%	\$ 1,585	\$ 2,177	(27.2)%
As a percent of total revenues	0.3%	0.7%	(0.4)%	0.3%	0.4%	(0.1)%
Average per restaurant pre-opening costs	\$ 138	\$ 304	(54.6)%	\$ 249	\$ 294	(15.3)%

Pre-opening costs, which are expensed as incurred, consist of the costs of labor, hiring and training the initial work force for our new restaurants, travel expenses for our training teams, the cost of food and beverages used in training, marketing costs, lease costs incurred prior to opening, and other direct costs related to the opening of new restaurants. We opened one and five company-owned restaurants during the twelve and twenty-eight weeks ended July 8, 2012, respectively, compared to six and seven company-owned restaurants during the twelve and twenty-eight weeks ended July 10, 2011, respectively.

Interest Expense, net and other

Interest expense, net and other was \$1.3 million and \$1.5 million for the twelve weeks ended July 8, 2012, and July 10, 2011, respectively, and \$3.1 million and \$2.9 million for the twenty-eight weeks ended July 8, 2012, and July 10, 2011, respectively. Interest expense, net for the twelve weeks ended July 8, 2012 decreased over prior year period due primarily to lower average debt balances. For the twenty-eight weeks ended July 8, 2012, interest expense, net increased due primarily to higher average debt balances compared to the twenty-eight weeks ended July 10, 2011. Our weighted-average interest rate was 3.6% and 3.5% for the twelve and twenty-eight weeks ended July 8, 2012, versus 3.0% and 2.9%, respectively, for the twelve and twenty-eight weeks ended July 10, 2011.

Provision for Income Taxes

The effective income tax rate for the second quarter 2012 was 23.7% compared to 8.8% for the second quarter 2011. The effective income tax rate for the twenty-eight weeks ended July 8, 2012 and July 10, 2011 was 24.0% and 10.3%, respectively. The 2012 effective tax rate increase over prior year is primarily due to higher earnings as well as lower general business tax credits, primarily the FICA Tip Tax Credit, as a percent of current year income before tax. We anticipate that our full year fiscal 2012 effective tax rate will be approximately 24%.

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Liquidity and Capital Resources

General. Cash and cash equivalents decreased \$5.1 million to \$29.9 million at July 8, 2012, from \$35.0 million at the beginning of the fiscal year. This decrease in our cash position is primarily the net result of:

- \$24.6 million used for the construction of new restaurants, expenditures for facility improvements, investments in information technology;
- \$21.6 million used for debt payments;
- \$7.7 million used for purchase of Company stock; and
- \$3.2 million used for the acquisition of a franchise restaurant; partially offset by

\$50.1 million of cash provided by operating activities.

We expect to continue to reinvest available cash flows from operations to develop new restaurants or invest in existing restaurants and infrastructure, pay down debt, and maintain the flexibility to use excess cash to opportunistically repurchase our common stock and execute our long-term strategic initiatives.

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

With regard to the term loan facility, we are required to repay the principal amount of the term loan in consecutive quarterly installments which began June 30, 2011, and end on the maturity date of the term loan. As of July 8, 2012, we had \$124.7 million of borrowings outstanding under our term loan, and \$8.2 million of standby letters of credit outstanding under our revolving credit facility. There were no borrowings on the revolving facility. Loan origination costs associated with the credit facility and the net outstanding balance of costs related to the original and subsequent amendments to the credit facility are included as deferred costs in other assets, net in the accompanying consolidated balance sheet.

In August 2011, we entered into a variable-to-fixed interest rate swap agreement with Rabobank International, Utrecht (“Rabobank”) to hedge the floating interest rate on a portion of the remaining term loan that is outstanding as of July 8, 2012 under the our amended and restated credit facility, or \$69.8 million notional at July 8, 2012. The interest rate swap has an effective date of August 5, 2011. In accordance with its original terms \$3.3 million and \$0.9 million of the initial \$74.1 million expired in 2012 and 2011 respectively. The notional amount of the hedge will decrease quarterly based on the principal term loan payments, and will expire on June 30, 2015 with a notional hedge amount of \$50.6 million. We are required to make quarterly payments based on a fixed interest rate of 1.135%, calculated based on the remaining notional amount. In exchange, we receive interest on the notional amount at a variable rate that is based on the 3-month spot LIBOR rate quarterly.

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

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amount not to exceed a certain threshold, and non-cash gains and non-recurring or unusual cash gains for such period; and a fixed charge ratio calculated as our consolidated cash flow divided by our consolidated debt service obligations. As of July 8, 2012, we were in compliance with all covenants under our amended credit agreement.

Debt Outstanding. Total debt outstanding decreased \$21.9 million to \$135.0 million as of July 8, 2012 from \$156.9 million at December 25, 2011, primarily due to an early debt payment of \$15.0 million in the first quarter 2012 and our scheduled debt repayments of \$6.6 million. Our credit agreement matures in 2016.

Inflation

The primary inflationary factors affecting our operations are food, labor costs, energy costs, and materials used in the construction of new restaurants. A large number of our restaurant personnel are paid at rates based on the applicable minimum wage, and historically increases in the minimum wage have directly affected our labor costs. Also, many of our leases require us to pay taxes, maintenance, repairs, insurance, and utilities, all of which are generally affected by cost inflation. We believe that inflation had a material negative effect on our financial condition and results during the second quarter of 2012, due primarily to increased food costs which was partially offset by price increases on our menu. Uncertainties related to fluctuations in costs, including energy costs, commodity prices, annual indexed wage increases, and construction materials make it difficult to predict what impact, if any, inflation may have on our business during 2012, but it is anticipated that inflation will continue to have a negative impact in fiscal 2012.

Seasonality

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

Off Balance Sheet Arrangements

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

Critical Accounting Policies and Estimates

Critical accounting policies and estimates are those that we believe are both significant and that require us to make difficult, subjective or complex judgments, often because we need to estimate the effect of inherently uncertain matters. We base our estimates and judgments on historical experiences and various other factors that we believe to be appropriate under the circumstances. Actual results may differ from these estimates, including our estimates of future restaurant level cash flows, which are subject to the current economic environment, and we might obtain different results if we used different assumptions or conditions. We had no significant changes in our critical accounting policies and estimates since our last annual report. Our critical accounting estimates are contained in our Annual Report on Form 10-K for the fiscal year ended December 25, 2011.

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (“FASB”) issued, “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (“IFRS”).” This pronouncement was issued to provide a consistent definition of fair value and ensure that the

fair value measurement and disclosure requirements are similar between U.S. GAAP and IFRS. This guidance changes certain fair value measurement principles and enhances the disclosure requirements particularly for Level 3 fair value measurements. This pronouncement is effective for reporting periods beginning on or after December 15, 2011. The adoption of this guidance did not have a significant impact on our consolidated financial position or results of operations.

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

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Reclassification of Items Out of Accumulated Other Comprehensive Income.” This defers only the changes that relate to the presentation of reclassification adjustments on the face of the financial statements where the components of net income and the components of other comprehensive income are presented. These amendments are to be applied retrospectively and are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The adoption of this guidance did not have a significant impact on our consolidated financial position or results of operations.

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

Forward-Looking Statements

Certain information and statements contained in this report are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the “PSLRA”) codified at Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. This statement is included for purposes of complying with the safe harbor provisions of the PSLRA. Forward-looking statements include statements regarding our expectations, beliefs, intentions, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements which are other than statements of historical facts. These statements may be identified, without limitation, by the use of forward-looking terminology such as “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “plan,” “project,” “may,” “will,” “would” and similar expressions. Certain forward-looking statements are included in this Quarterly Report on Form 10-Q, principally in the sections captioned “Financial Statements” and “Management’s Discussion and Analysis”. Forward-looking statements relate to, among other things: our ability to open and operate additional restaurants in both new and existing markets profitably; our ability to invest in our systems and implement a major overhaul of our data infrastructure; anticipated restaurant operating costs, including commodity and food prices, labor and energy costs, and selling, general and administrative expenses, and the ability to reduce overhead costs and improve efficiencies; expected future revenues and earnings, comparable and non-comparable restaurant sales, results of operations, and future restaurant growth (both Company-owned and franchised); anticipated advertising costs and plans including our 2012 LTO promotions, and the success of our advertising and marketing activities and tactics and the effect on revenue and guest counts; future capital deployment strategies, including potential share repurchases, capital and anticipated expenditures, including the amounts of such capital expenditures; our expectation that we will have adequate cash from operations and credit facility borrowings to meet all future debt service, capital expenditures, including new restaurant development, and working capital requirements in fiscal year 2012 and beyond; anticipated effective tax rate for 2012; the effect of the adoption of new accounting standards on our financial and accounting systems and analysis programs; expectations regarding competition and our competitive advantages; and other risk factors described from time to time in our SEC reports, including the Company’s most recent Annual Report on Form 10-K for the fiscal year ended December 25, 2011 filed with the SEC on February 23, 2012.

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Under our current credit agreement, we were exposed to market risk from changes in interest rates on borrowings, which bear interest at one of the following rates we select: an Alternate Base Rate (“ABR”), based on the Prime Rate plus 1.25% to 2.00%, or a LIBOR, based on the relevant one, three or six-month LIBOR, at our discretion, plus 2.25% to 3.00%. The spread, or margin, for ABR and LIBOR loans under the credit agreement is subject to quarterly adjustment based on our then current leverage ratio, as defined by the credit agreement. As of July 8, 2012, we had \$54.8 million of borrowings subject to variable interest rates. A plus or minus 1.0% change in the effective interest rate applied to these loans would have resulted in pre-tax interest expense fluctuation of \$548,000 on an annualized basis.

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

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unrecognized firm commitment (fair value hedge), or a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge).

In August 2011, we entered into a variable-to-fixed interest rate swap agreement with Rabobank International, Utrecht (“Rabobank”) to hedge the floating interest rate on a portion of the remaining term loan that is outstanding as of July 8, 2012 under the our amended and restated credit facility, or \$69.8 million notional at July 8, 2012. The interest rate swap has an effective date of August 5, 2011. In accordance with its original terms \$3.3 million and \$0.9 million of the initial \$74.1 million expired in 2012 and 2011 respectively. The notional amount of the hedge will decrease quarterly based on the principal term loan payments, and will expire on June 30, 2015 with a notional hedge amount of \$50.6 million. We are required to make quarterly payments based on a fixed interest rate of 1.135%, calculated based on the remaining notional amount. In exchange, we receive interest on the notional amount at a variable rate that is based on the 3-month spot LIBOR rate quarterly. This hedge is highly effective and there were no gains or losses related to hedge ineffectiveness recognized in earnings during the twenty-eight weeks ended July 8, 2012. As of July 8, 2012, the \$318,000 unrealized loss, net of taxes, on the cash flow hedging instrument is reported in accumulated other comprehensive loss. Refer to Note 8, *Derivative and Other Comprehensive Income*, of Notes to Consolidated Financial Statements of this report.

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

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

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control Over Financial Reporting

The Company's Management, with the participation of the CEO and CFO, have evaluated whether any change in the Company's internal control over financial reporting occurred during the fiscal quarter ended July 8, 2012. Based on that evaluation, Management concluded that there has been no change in the Company's internal control over financial reporting during the fiscal quarter ended July 8, 2012, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

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Item 1A. Risk Factors

A description of the risk factors associated with our business is contained in Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the fiscal year ended December 25, 2011 filed with the SEC on February 23, 2012. There have been no material changes to our Risk Factors disclosed in our 2011 Annual Report on Form 10-K.

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

During the fiscal quarter ended July 8, 2012, the Company did not have any sales of securities in transactions that were not registered under the Securities Act of 1933, as amended, that have not been reported in a Current Report on Form 8-K. The table below provides a summary of the Company's purchases of its own common stock during second quarter 2012.

Period (1)	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (2)
May 14, 2012 - June 10, 2012	77,449	\$ 32.28	169,570	\$ 45,199,710
June 11, 2012 - July 8, 2012	177,682	\$ 29.33	347,252	\$ 39,989,159
Pursuant to Publicly Announced Plans or Programs (2)	255,131	\$ 30.22		
April 16, 2012 - May 13, 2012 (3)	87	\$ 36.06	—	—
May 14, 2012 - June 10, 2012 (3)	106	\$ 30.94	—	—
June 11, 2012 - July 8, 2012 (3)	1,632	\$ 29.92	—	—
For the Quarter Ended July 8, 2012	256,956			

- (1) The reported periods conform to the Company's fiscal calendar composed of thirteen 28-day periods.
- (2) On October 26, 2011, the Company's board of directors re-authorized a repurchase of up to \$50.0 million of the Company's common stock. Under this authorization, repurchases of our common stock may be made from time to time in open market transactions and through privately negotiated transactions. This program is scheduled to expire on December 31, 2012. This authorization may be further modified, suspended or terminated at any time. The timing and number of shares repurchased pursuant to the share repurchase authorization will be subject to a number of factors, including market conditions, legal constraints and available cash or other sources of funding. Since October 26, 2011, the Company has purchased 347,252 shares for a total of \$10.0 million. As of July 8, 2012, there was \$40.0 million remaining under the current board authorization for future stock repurchases.
- (3) Represents shares of common stock delivered to the Company as payment of withholding taxes due upon the vesting of awards of restricted stock held by Company employees. The stated Average Price per Share does not include commissions paid.

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Item 6. Exhibits

Exhibit Number	Description
3.1	Restated Certificate of Incorporation dated May 24, 2012.
3.2	Fourth Amended and Restated Bylaws dated May 24, 2012.
31.1	Rule 13a-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer
101	The following financial information from the Quarterly Report on Form 10-Q of Red Robin Gourmet Burgers, Inc. for the quarter ended July 8, 2012, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at July 8, 2012 and December 25, 2011; (ii) Condensed Consolidated Statements of Operations for the twelve and twenty-eight weeks ended July 8, 2012 and July 10, 2011; (iii) Condensed Consolidated Statements of Comprehensive Income; (iv) Condensed Consolidated Statements of Cash Flows for the twenty-eight weeks ended July 8, 2012 and July 10, 2011; and (v) the Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.*

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

SIGNATURE

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

Red Robin Gourmet Burgers, Inc.

August 10, 2012
(Date)

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

RESTATED CERTIFICATE OF INCORPORATION

OF

RED ROBIN GOURMET BURGERS, INC.

It is hereby certified that:

1. The name of the corporation (hereinafter called the "Corporation") is Red Robin Gourmet Burgers, Inc., which is the name under which the Corporation was originally incorporated.
2. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on January 17, 2001.
3. The Corporation filed an Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware on July 18, 2002.
4. The Corporation filed a Certificate of Amendment of Amended and Restated Certificate of Incorporation with the Delaware Secretary of State on June 12, 2003.
5. The Corporation filed a Second Amendment to the Amended and Restated Certificate of Incorporation with the Delaware Secretary of State on May 27, 2010.
6. The Corporation filed a Certificate of Designation with the Secretary of State of the State of Delaware on August 11, 2010. The Corporation filed a Certificate of Elimination with the Secretary of State of the State of Delaware on May 31, 2011.
7. The Corporation filed a Third Amendment to the Amended and Restated Certificate of Incorporation with the Delaware Secretary of State on May 24, 2012.
8. This Restated Certificate of Incorporation only restates and integrates and does not further amend the provisions of the Certificate of Incorporation of the Corporation, as amended or supplemented (collectively referred to herein as the "Certificate of Incorporation") and there is no discrepancy between the provisions of the Certificate of Incorporation and the provisions of this Restated Certificate of Incorporation. This Restated Certificate of Incorporation was duly adopted in accordance with the provisions of Section 245 of the General Corporation Law of the State of Delaware.
9. The text of the Certificate of Incorporation of the Corporation, as heretofore in effect is hereby restated to read in its entirety as follows:

RESTATED CERTIFICATE OF INCORPORATION

OF

RED ROBIN GOURMET BURGERS, INC.

FIRST: The name of the Corporation is Red Robin Gourmet Burgers, Inc.

SECOND: The address of the registered office of the Corporation in the State of Delaware is 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, in the county of New Castle. The name of the registered agent of the Corporation at that address is Corporation Service Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law.

FOURTH: A. The total number of shares of all classes of stock which the Corporation shall have authority to issue is Thirty-Three Million (33,000,000), consisting of Thirty Million (30,000,000) shares of Common Stock, par value \$0.001 per share (the "Common Stock") and Three Million (3,000,000) shares of Preferred Stock, par value \$0.001 per share (the "Preferred Stock").

B. The board of directors is authorized, subject to any limitations prescribed by law, to provide for the issuance of shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware (such certificate being hereinafter referred to as a "Preferred Stock Designation"), to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences, and rights of the shares of each such series and any qualifications, limitations or restrictions thereof. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the Common Stock, without a vote of the holders of the Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the terms of any Preferred Stock Designation.

C. Each outstanding share of Common Stock shall entitle the holder thereof to one vote on each matter properly submitted to the stockholders of the Corporation for their vote; provided, however, that, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Restated Certificate of Incorporation (including any Certificate of Designations relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon by law or pursuant to this Restated Certificate of Incorporation (including any Certificate of Designations relating to any series of Preferred Stock).

FIFTH: The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

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A. The business and affairs of the Corporation shall be managed by or under the direction of the board of directors. In addition to the powers and authority expressly conferred upon them by statute or by this Restated Certificate of Incorporation or the by-laws of the Corporation, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

B. The directors of the Corporation need not be elected by written ballot unless the by-laws so provide.

C. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

D. Special meetings of stockholders of the Corporation may be called only by the Chairman of the Board, the Chief Executive Officer, the board of directors acting pursuant to a resolution adopted by a majority of the Whole Board or by holders of at least ten percent (10%) of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class. For purposes of this Restated Certificate of Incorporation, the term "Whole Board" shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships.

SIXTH: A. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the number of directors shall be fixed from time to time exclusively by the board of directors pursuant to a resolution adopted by a majority of the Whole Board. Subject to the other provisions of this paragraph, the board of directors is and shall remain divided into three classes, with the directors in each class serving for a term expiring at the third annual meeting of stockholders held after their election. Subject to the rights of holders of Preferred Stock to elect additional directors under specified circumstances, the terms of the members of the board of directors shall be as follows: (i) at the annual meeting of stockholders to be held in 2012, the directors whose terms expire at that meeting or such directors' successors shall be elected to hold office for a one-year term expiring at the annual meeting of stockholders to be held in 2013; (ii) at the annual meeting of stockholders to be held in 2013, the directors whose terms expire at that meeting or such directors' successors shall be elected to hold office for a one-year term expiring at the annual meeting of stockholders to be held in 2014; and (iii) at the annual meeting of stockholders to be held in 2014 and at each annual meeting of stockholders thereafter, all directors shall be elected for a one-year term expiring at the next annual meeting after their election. The classification of the directors shall terminate at the annual meeting of stockholders to be held in 2014, and all directors, thereafter, shall be elected in accordance with clause (iii) above. Notwithstanding the foregoing provisions, each director shall serve until his or her successor is duly elected and qualified, or until his or her death, resignation or removal.

B. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the board of directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall, unless otherwise required

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by law or by resolution of the board of directors, be filled only by a majority vote of the directors then in office, though less than a quorum, and not by stockholders. Any director so chosen to fill a vacancy in a class or a newly created directorship of a class prior to the annual meeting of stockholders to be held in 2014 shall hold office for a term that shall coincide with the remaining term of that class. Any director so chosen to fill a vacancy or a newly created directorship at or following the annual meeting of stockholders to be held in 2014 shall hold office for a term expiring at the next annual meeting of stockholders. No decrease in the authorized number of directors shall shorten the term of any incumbent director.

C. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the by-laws of the Corporation.

D. Subject to the rights of the holders of any series of Preferred Stock then outstanding, any director, or the entire board of directors, may be removed from office (i) at any time prior to the annual meeting of stockholders to be held in 2014, at any time, but only for cause, and (ii) at any time at or after the annual meeting of stockholders to be held in 2014, with or without cause, in each of clauses (i) and (ii) only by the affirmative vote of the holders of at least sixty six and two thirds percent (66 2/3%) of the voting power of all of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

E. When a quorum is present at any meeting for the election of directors, a nominee for director shall be elected by the stockholders at such meeting if the votes cast "for" such nominee's election exceed the votes cast "against" (or "withheld" from) such nominee's election (with "abstentions" and "broker non-votes" not counted as a vote either "for" or "against" that director's election); provided, that directors shall be elected by a plurality of the votes cast at any meeting of stockholders for which (i) the secretary of the corporation receives a notice that a stockholder has nominated a person for election to the board of directors in compliance with the advance notice requirements for stockholder nominees for a director set forth in Article SIXTH, Section C hereof and (ii) such nomination has not been rejected by the company for any reason or withdrawn by such stockholder on or before the tenth business day before the corporation first mails its notice of meeting to the stockholders. In the event the votes cast "against" (or "withheld" from) the nominee exceed the votes cast "for" such nominee (with "abstentions" and "broker non-votes" not counted as a vote either "for" or "against" that director's election) (a "No Vote"), the resulting vacancy shall be filled only by a majority vote of the directors then in office, though less than a quorum (and not by stockholders), and the directors so chosen shall serve for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been elected expires or until such director's successor shall have been duly elected and qualified. In no event shall the Board nominate or elect a person to the Board who has received a No Vote subsequent to the adoption of this provision.

SEVENTH: The board of directors is expressly empowered to adopt, amend or repeal by-laws of the Corporation. Any adoption, amendment or repeal of the by-laws of the Corporation by the board of directors shall require the approval of a majority of the Whole Board. The stockholders shall also have power to adopt, amend or repeal the by-laws of the

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Corporation; provided, however, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Restated Certificate of Incorporation, the affirmative vote of the holders of at least sixty six and two thirds percent (66 2/3%) of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of the by-laws of the Corporation.

EIGHTH: A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Any repeal or modification of the foregoing paragraph by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

NINTH: The Corporation reserves the right to amend or repeal any provision contained in this Restated Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation; provided, however, that, notwithstanding any other provision of this Restated Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of any class or series of the stock of this corporation required by law or by this Restated Certificate of Incorporation, the affirmative vote of the holders of at least sixty six and two thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of Directors, voting together as a single class, shall be required to amend or repeal this Article NINTH, Sections C or D of Article FIFTH, Article SIXTH, Article SEVENTH, or Article EIGHTH."

IN WITNESS WHEREOF, this Restated Certificate of Incorporation has been duly executed by a duly authorized officer of the Corporation on the 24th day of May, 2012.

RED ROBIN GOURMET BURGERS, INC.,

By: /s/ Annita M. Menogan

Name: Annita M. Menogan

Title: Senior Vice President and Chief Legal Officer

FOURTH AMENDED AND RESTATED BYLAWS

OF

RED ROBIN GOURMET BURGERS, INC.,
a Delaware corporation

(adopted May 24, 2012)

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ARTICLE I — STOCKHOLDERS

Section 1. Annual Meeting.

(A) An annual meeting of the stockholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, on such date, and at such time as the Board of Directors shall each year fix, which date shall be within thirteen (13) months of the last annual meeting of stockholders.

(B) Nominations of persons for election to the Board of Directors and the proposal of business to be transacted by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the Corporation’s notice with respect to such meeting, (b) by or at the direction of the Board of Directors or (c) by any stockholder of record of the Corporation who was a stockholder of record at the time of the giving of the notice provided for in the following paragraph, who is entitled to vote at the meeting and who has complied with the notice procedures set forth in this section.

(C) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of the foregoing paragraph, (1) the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation, (2) such business must be a proper matter for stockholder action under the General Corporation Law of the State of Delaware, (3) if the stockholder, or the beneficial owner on whose behalf any such proposal or nomination is made, has provided the Corporation with a Solicitation Notice, as that term is defined in subclause (c)(iv) of this paragraph, such stockholder or beneficial owner must, in the case of a proposal, have delivered a proxy statement and form of proxy to holders of at least the percentage of the Corporation’s voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the Corporation’s voting shares reasonably believed by such stockholder or beneficial holder to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder, and must, in either case, have included in such materials the Solicitation Notice and (4) if no Solicitation Notice relating thereto has been timely provided pursuant to this section, the stockholder or beneficial owner proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice under this section. To be timely, a stockholder’s notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than 45 or more than 75 days prior to the first anniversary (the “Anniversary”) of the date on which the Corporation first mailed its proxy materials for the preceding year’s annual meeting of stockholders; provided, however, that if the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year’s annual meeting, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of (i) the 90th day prior to such annual meeting or (ii) the 10th day following the day on which public announcement of the date of such meeting is first made; and provided further, that for the Corporation’s 2010 annual meeting of stockholders, a stockholder’s notice will be deemed timely if it is delivered to the Secretary at the principal executive offices of the Corporation no earlier than February 2, 2010 and no later than March 18, 2010. Such

stockholder’s notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person as would be required to be disclosed in solicitations of proxies for the election of such nominees as directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and such person’s written consent to serve as a director if elected; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of such business, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation’s books, and of such beneficial owner, (ii) the class and number of shares of the Corporation that are owned beneficially and of record by such stockholder and such beneficial owner, (iii) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of such stockholder’s notice by, or on behalf of, such stockholder and such beneficial owner, whether or not such instrument or right shall be subject to settlement in underlying shares of capital stock of the Corporation, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or such beneficial owner, with respect to shares of stock of the Corporation, and (iv) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of the Corporation’s voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the Corporation’s voting shares to elect such nominee or nominees (an affirmative statement of such intent, a “Solicitation Notice”).

(D) Notwithstanding anything in the second sentence of the third paragraph of this Section 1 to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 55 days prior to the Anniversary, a stockholder’s notice required by this Bylaw shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(E) Only persons nominated in accordance with the procedures set forth in this Section 1 shall be eligible to serve as directors and only such business shall be conducted at an annual meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this section. The chairman of the meeting shall have the power and the duty to determine whether a nomination or any business proposed to be brought before the meeting has been made in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, to declare that such defectively proposed business or nomination shall not be presented for stockholder action at the meeting and shall be disregarded.

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(F) For purposes of these Bylaws, “public announcement” shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or a comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(G) Notwithstanding the foregoing provisions of this Section 1, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 1. Nothing in this Section 1 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation’s proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 2. Special Meetings.

(A) Special meetings of the stockholders, other than those required by statute, may be called at any time by the Chairman of the Board, the Chief Executive Officer, the Board of Directors acting pursuant to a resolution adopted by a majority of the Whole Board or by holders of at least ten percent (10%) of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class. For purposes of these Bylaws, the term “Whole Board” shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships. The Board of Directors may postpone or reschedule any previously scheduled special meeting.

(B) Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation’s notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation’s notice of meeting (a) by or at the direction of the Board of Directors or (b) by any stockholder of record of the Corporation who is a stockholder of record at the time of giving of notice provided for in this paragraph, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in Section 1 of this Article I. Nominations by stockholders of persons for election to the Board of Directors may be made at such a special meeting of stockholders if the stockholder’s notice required by the third paragraph of Section 1 of this Article I shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting.

(C) Notwithstanding the foregoing provisions of this Section 2, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 2. Nothing in this Section 2 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation’s proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 3. Notice of Meetings. Notice of the place, if any, date, and time of all meetings of the stockholders, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting,

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shall be given, not less than ten (10) nor more than sixty (60) days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the Delaware General Corporation Law or the Certificate of Incorporation of the Corporation).

When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, notice of the place, if any, date, and time of the adjourned meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

Section 4. Quorum. At any meeting of the stockholders, the holders of a majority of all of the shares of the stock entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum for all purposes, unless or except to the extent that the presence of a larger number may be required by law. Where a separate vote by a class or classes or series is required, a majority of the shares of such class or classes or series present in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter.

If a quorum shall fail to attend any meeting, the chairman of the meeting may adjourn the meeting to another place, if any, date, or time.

Section 5. Organization. Such person as the Board of Directors may have designated or, in the absence of such a person, the Chairman of the Board or, in his or her absence, the Chief Executive Officer or, in his or her absence, the President or, in his or her absence, such person as may be chosen by the holders of a majority of the shares entitled to vote who are present, in person or by proxy, shall call to order any meeting of the stockholders and act as chairman of the meeting. In the absence of the Secretary of the Corporation, the secretary of the meeting shall be such person as the chairman of the meeting appoints.

Section 6. Conduct of Business. The chairman of any meeting of stockholders, annual or special, shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him or her in order. The chairman shall have the power to adjourn the meeting, from time to time, without notice other than announcement at such meeting, to another place, if any, date and time. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

Section 7. Proxies and Voting. At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established

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for the meeting. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this paragraph may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile

telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

The Corporation may, and to the extent required by law, shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting may, and to the extent required by law, shall, appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. Every vote taken by ballots shall be counted by a duly appointed inspector or inspectors.

When a quorum is present at any meeting for the election of directors, a nominee for director shall be elected by the stockholders at such meeting if the votes cast 'for' such nominee's election exceed the votes cast 'against' (or 'withheld' from) such nominee's election (with 'abstentions' and 'broker non-votes' not counted as a vote either 'for' or 'against' that director's election); provided, that directors shall be elected by a plurality of the votes cast at any meeting of stockholders for which (i) the secretary of the corporation receives a notice that a stockholder has nominated a person for election to the Board of Directors in compliance with the advance notice requirements for stockholder nominees for director set forth in Section 1 of this Article I; and (ii) such nomination has not been rejected by the Corporation for any reason or withdrawn by such stockholder on or before the tenth business day before the corporation first mails its notice of meeting to the stockholders. In the event the votes cast 'against' (or 'withheld' from) the nominee exceed the votes cast 'for' such nominee (with 'abstentions' and 'broker non-votes' not counted as a vote either 'for' or 'against' that director's election) (a "No Vote"), the resulting vacancy shall be filled only by a majority vote of the directors then in office, though less than a quorum (and not by stockholders), and the directors so chosen shall serve for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been elected expires or until such director's successor shall have been duly elected and qualified. In no event shall the Board of Directors nominate or elect a person to the Board of Directors who has received a No Vote subsequent to the adoption of this provision.

Except as otherwise required by law, all other matters shall be determined by a majority of the votes cast affirmatively or negatively.

Section 8. Stock List. A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in his or her name, shall be open to the examination of any such stockholder for a period of at least 10 days prior to the meeting in the manner provided by law.

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The stock list shall also be open to the examination of any stockholder during the whole time of the meeting as provided by law. This list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

ARTICLE II — BOARD OF DIRECTORS

Section 1. Number, Election and Term of Directors. Subject to the rights of the holders of any series of preferred stock to elect additional directors under specified circumstances, the number of directors shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the Whole Board. Subject to the other provisions of this Section 1 of Article II, the Board of Directors is and shall remain divided into three classes, with the directors in each class serving for a term expiring at the third annual meeting of stockholders held after their election. Subject to the rights of holders of preferred stock to elect additional directors under specified circumstances, the terms of the members of the Board of Directors shall be as follows: (i) at the annual meeting of stockholders to be held in 2012, the directors whose terms expire at that meeting or such directors' successors shall be elected to hold office for a one-year term expiring at the annual meeting of stockholders to be held in 2013; (ii) at the annual meeting of stockholders to be held in 2013, the directors whose terms expire at that meeting or such directors' successors shall be elected to hold office for a one-year term expiring at the annual meeting of stockholders to be held in 2014; and (iii) at the annual meeting of stockholders to be held in 2014 and at each annual meeting of stockholders thereafter, all directors shall be elected for a one-year term expiring at the next annual meeting after their election. The classification of directors shall terminate at the annual meeting of stockholders to be held in 2014, and all directors, thereafter, shall be elected in accordance with clause (iii) above. Notwithstanding the foregoing provisions, each director shall serve until his or her successor is duly elected and qualified, or until his or her death, resignation or removal. At each annual meeting of stockholders, if authorized by a resolution of the Board of Directors, directors may be elected to fill any vacancy on the Board of Directors, regardless of how such vacancy shall have been created.

Section 2. Newly Created Directorships and Vacancies. Subject to the rights of the holders of any series of preferred stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall, unless otherwise required by law or by resolution of the Board of Directors, be filled only by a majority vote of the directors then in office, though less than a quorum, and not by stockholders. Any director so chosen to fill a vacancy in a class or a newly created directorship of a class prior to the annual meeting of stockholders to be held in 2014 shall hold office for a term that shall coincide with the remaining term of that class. Any director so chosen to fill a vacancy or a newly created directorship at or following the annual meeting of stockholders to be held in 2014 shall hold office for a term expiring at the next annual meeting of stockholders. No decrease in the authorized number of directors shall shorten the term of any incumbent director.

Section 3. Regular Meetings. Regular meetings of the Board of Directors shall be held at such place or places, on such date or dates, and at such time or times as shall have been

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established by the Board of Directors and publicized among all directors. A notice of each regular meeting shall not be required.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board, the Chief Executive Officer, the President or by a majority of the Whole Board and shall be held at such place, on such date, and at such time as they or he or she shall fix. Notice of the place, date, and time of each such special meeting shall be given to each director by whom it is not waived by mailing written notice not less than five (5) days before the meeting or by telephone or by telegraphing or telexing or by facsimile or electronic transmission of the same not less than twenty-four (24) hours before the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

Section 5. Quorum. At any meeting of the Board of Directors, a majority of the total number of the Whole Board shall constitute a quorum for all purposes. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date, or time, without further notice or waiver thereof.

Section 6. Participation in Meetings By Conference Telephone. Members of the Board of Directors, or of any committee thereof, may participate in a meeting of such Board of Directors or committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other and such participation shall constitute presence in person at such meeting.

Section 7. Conduct of Business. At any meeting of the Board of Directors, business shall be transacted in such order and manner as the Board of Directors may from time to time determine, and all matters shall be determined by the vote of a majority of the directors present, except as otherwise provided herein or required by law. Action may be taken by the Board of Directors without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors. Such filing shall be in paper form if the minutes are

maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 8. Compensation of Directors. Unless otherwise restricted by the certificate of incorporation, the Board of Directors shall have the authority to fix the compensation of the directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or paid a stated salary or paid other compensation as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed compensation for attending committee meetings.

ARTICLE III— COMMITTEES

Section 1. Committees of the Board of Directors. The Board of Directors may from time to time designate committees of the Board of Directors, with such lawfully delegable

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powers and duties as it thereby confers, to serve at the pleasure of the Board of Directors and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternate members who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of any committee and any alternate member in his or her place, the member or members of the committee present at the meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may by unanimous vote appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member.

Section 2. Conduct of Business. Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; a majority of the members shall constitute a quorum unless the committee shall consist of one (1) or two (2) members, in which event all of such members shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

ARTICLE IV — OFFICERS

Section 1. Generally. The officers of the Corporation shall be appointed by the Board of Directors and shall be a President, a Secretary and a Chief Financial Officer. The Board of Directors may also appoint a Chief Executive Officer, a Chairman of the Board and one or more Vice Presidents and the Board may appoint such other officers (including Assistant Secretaries and Assistant Financial Officers) as the Board of Directors may deem necessary or desirable. The officers shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors. Unless prohibited by applicable law or by the Certificate of Incorporation or by these Bylaws, one person may be elected or appointed to serve in more than one official capacity. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors. The salaries of officers elected by the Board of Directors shall be fixed from time to time by the Board of Directors or by such officers as may be designated by resolution of the Board of Directors.

Section 2. Chairman of the Board. The Board of Directors may, at its election, appoint a Chairman of the Board. If such an officer be elected, he or she shall, if present, preside at all meetings of the stockholders and of the Board of Directors and shall have such other powers and duties as may from time to time be assigned to him or her by the Board of Directors.

Section 3. Chief Executive Officer. The Chief Executive Officer shall have general and active management, supervision, direction, and control of the business of the Corporation. He or she shall assist the Chairman of the Board in the management of the Corporation, and in the absence or disability of or upon the delegation by the Chairman of the Board, he or she shall preside at all meetings of stockholders and of the Board of Directors. He or she shall report from

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time to time to the Board of Directors all matters within his or her knowledge which the interest of the Corporation may require to be brought to the attention of the Board of Directors. The Chief Executive Officer shall have the general powers and duties of supervision and management usually vested in the office of president of a corporation and shall exercise such powers and perform such duties as generally pertain or are necessarily incidental to his or her office and shall have such other powers and perform such other duties as may be specifically assigned to him or her from time to time by the Board of Directors or the Chairman of the Board.

Section 4. President. Subject to such powers, if any, as may be given by the Board of Directors to the Chairman of the Board or the Chief Executive Officer, if there are such officers, the President shall have supervising authority over and may exercise general executive powers concerning all of the operations and business of the Corporation, with the authority from time to time to delegate to other officers such executive and other powers and duties as he or she may deem advisable. The President shall also perform such duties as may be specifically assigned to him or her from time to time by the Board of Directors, the Chairman of the Board, or the Chief Executive Officer. If there be no Chairman of the Board or Chief Executive Officer, or in their absence, the President shall preside at all meetings of the stockholders and of the Board of Directors, unless the Board of Directors appoints another person who need not be a stockholder, officer or director of the Corporation, to preside at a meeting of stockholders.

Section 5. Vice President. In the absence of the President, or in the event of the President's inability or refusal to act, the Vice President, if any, (or if there be more than one Vice President, the Vice Presidents in the order of their rank or, if of equal rank, then in the order designated by the Board of Directors, the Chief Executive Officer or the President or, in the absence of any designation, then in the order of their appointment) shall perform the duties of the President and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The rank of Vice Presidents in descending order shall be Executive Vice President, Senior Vice President and Vice President. The Vice President shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 6. Secretary and Assistant Secretary. The Secretary shall attend all meetings of the Board of Directors (unless the Board of Directors shall otherwise determine) and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the committees when required. The Secretary shall give, or cause to be given, notice of all meetings of stockholders and special meetings of the Board of Directors. The Secretary shall have custody of the corporate seal of the Corporation and shall (as well as any Assistant Secretary) have authority to affix the same to any instrument requiring it and to attest it. The Secretary shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 7. Chief Financial Officer. The Chief Financial Officer shall have custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Chief Financial Officer may disburse the funds of the

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Corporation as may be ordered by the Board of Directors, the Chief Executive Officer or the President, taking proper vouchers for such disbursements, and shall render to the Board of Directors at its regular meetings, or when the Board of Directors so requires, an account of transactions and of the financial condition of the Corporation. The Chief Financial Officer shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

If required by the Board of Directors, the Chief Financial Officer and Assistant Financial Officer, if any, shall give the Corporation a bond (which shall be renewed at such times as specified by the Board of Directors) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of such person's office and for the restoration to the Corporation, in case of such person's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in such person's possession or under such person's control belonging to the Corporation.

Section 8. Assistant Officers. An assistant officer shall, in the absence of the officer to whom such person is an assistant or in the event of such officer's inability or refusal to act (or, if there be more than one such assistant officer, the assistant officers in the order designated by the Board of Directors or, in the absence of any designation, then in the order of their appointment), perform the duties and exercise the powers of such officer. An assistant officer shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 9. Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

Section 10. Removal and Resignation. Any officer may be removed, either with or without cause, by the Board of Directors. Any officer may resign at any time by giving notice to the Board of Directors, the Chief Executive Officer or the Secretary. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein and, unless otherwise specified in such notice, the acceptance of the resignation shall not be necessary to make it effective.

Section 11. Action with Respect to Securities of Other Corporations. Unless otherwise directed by the Board of Directors, the Chief Executive Officer, the President or any officer of the Corporation authorized by the Chief Executive Officer shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of stockholders of or with respect to any action of stockholders of any other corporation in which this Corporation may hold securities and otherwise to exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other Corporation.

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ARTICLE V — STOCK

Section 1. Certificates of Stock. Shares of stock of the Corporation shall be represented by certificates, or shall be uncertificated shares that may be evidenced by a book-entry system maintained by the registrar of such stock, or a combination of both. To the extent that shares are represented by certificates, such certificates shall be in a form approved by the Board of Directors. Each certificate shall be signed by the Chief Executive Officer, the President or a Vice President, and by the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer. Any or all of the signatures on the certificate may be by facsimile. If any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent, or registrar at the date of issuance.

Section 2. Transfers of Stock. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate or evidence of the issuance of uncertificated shares to the stockholder entitled thereto, cancel the old certificate and record the transaction upon the Corporation's books. Upon the surrender of any certificate for transfer of stock, such certificate shall at once be conspicuously marked on its face "Cancelled" and filed with the permanent stock records of the Corporation.

Upon the receipt of proper transfer instructions from the registered owner of uncertificated shares, such uncertificated shares shall be cancelled, issuance of new equivalent uncertificated shares or certificated shares shall be made to the stockholder entitled thereto and the transaction shall be recorded upon the books of the Corporation. If the Corporation has a transfer agent or registrar acting on its behalf, the signature of any officer or representative thereof may be in facsimile.

The Board of Directors may appoint a transfer agent and one or more co-transfer agents and registrar and one or more co-registrars and may make or authorize such agent to make all such rules and regulations deemed expedient concerning the issue, transfer and registration of shares of stock.

Section 3. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may, except as otherwise required by law, fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of any meeting of stockholders, nor more than sixty (60) days prior to the time for such other action as hereinbefore described; provided, however, that if no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding

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the day on which the meeting is held, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board of Directors adopts a resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 4. Lost, Stolen or Destroyed Certificates. Any person claiming a share certificate to be lost, stolen or destroyed shall make an affidavit or affirmation of the fact in such manner as the Board of Directors may require and shall, if the Board of Directors so requires, give the Corporation a bond of indemnity in form and amount, and with one or more sureties satisfactory to the Board of Directors, as the Board of Directors may require, whereupon the Corporation may issue (i) a new certificate or certificates of stock, or (ii) uncertificated shares in place of any certificate or certificates previously issued by the Corporation alleged to have been lost, stolen or destroyed.

Section 5. Regulations. The issue, transfer, conversion and registration of certificates of stock shall be governed by such other regulations as the Board of Directors may establish.

ARTICLE VI — NOTICES

Section 1. Notices. If mailed, notice to stockholders shall be deemed given when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the Delaware General Corporation Law.

Section 2. Waivers. A written waiver of any notice, signed by a stockholder or director, or waiver by electronic transmission by such person, whether given before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such person. Neither the business nor the purpose of any meeting need be specified in such a waiver. Attendance at any meeting shall constitute waiver of notice except attendance for the sole purpose of objecting to the timeliness of notice.

ARTICLE VII — MISCELLANEOUS

Section 1. Facsimile Signatures. In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

Section 2. Corporate Seal. The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Treasurer or by an Assistant Secretary or Assistant Treasurer.

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Section 3. Reliance upon Books, Reports and Records. Each director, each member of any committee designated by the Board of Directors, and each officer of the Corporation shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors so designated, or by any other person as to matters which such director or committee member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 4. Fiscal Year. The fiscal year of the Corporation shall be as fixed by the Board of Directors.

Section 5. Time Periods. In applying any provision of these Bylaws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

ARTICLE VIII — INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer or trustee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer or trustee or in any other capacity while serving as a director, officer or trustee, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section 3 of this Article VIII with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

Section 2. Right to Advancement of Expenses. In addition to the right to indemnification conferred in Section 1 of this Article VIII, an indemnitee shall also have the right to be paid by the Corporation the expenses (including attorney's fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the

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Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise.

Section 3. Right of Indemnitee to Bring Suit. If a claim under Section 1 or 2 of this Article VIII is not paid in full by the Corporation within thirty (30) days after a written claim has been received by the Corporation, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VIII or otherwise shall be on the Corporation.

Section 4. Non-Exclusivity of Rights. The rights to indemnification and to the advancement of expenses conferred in this Article VIII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Certificate of Incorporation, Bylaws, agreement, vote of stockholders or directors or otherwise.

Section 5. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the

power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

Section 6. Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the

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Corporation to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

Section 7. Expenses as a Witness. To the extent that any director, officer, employee or agent of the Corporation is by reason of such position, or a position with another entity at the request of the Corporation, a witness in any action, suit or proceeding, he or she shall be indemnified against all expenses actually and reasonably incurred by him or her or on his or her behalf in connection therewith.

Section 8. Indemnity Agreements. The Corporation may enter into agreements with any director, officer, employee or agent of the Corporation providing for indemnification to the full extent permitted by Delaware law.

Section 9. Nature of Rights. The rights conferred upon indemnitees in this Article VIII shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any amendment, alteration or repeal of this Article VIII that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit or eliminate any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal.

ARTICLE IX — AMENDMENTS

In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized to adopt, amend and repeal these Bylaws subject to the power of the holders of capital stock of the Corporation to adopt, amend or repeal the Bylaws; provided, however, that, with respect to the power of holders of capital stock to adopt, amend and repeal Bylaws of the Corporation, notwithstanding any other provision of these Bylaws or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the capital stock of the Corporation required by law, these Bylaws or any preferred stock, the affirmative vote of the holders of at least sixty six and two thirds percent (66 2/3%) of the voting power of all of the then-outstanding shares entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of these Bylaws.

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CERTIFICATION

I, Stephen E. Carley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Red Robin Gourmet Burgers, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(a)-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure control and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 10, 2012
(Date)

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

CERTIFICATION

I, Stuart B. Brown, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Red Robin Gourmet Burgers, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(a)-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure control and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 10, 2012
(Date)

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

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

In connection with the Quarterly Report of Red Robin Gourmet Burgers, Inc. (the "Company") on Form 10-Q for the period ended July 8, 2012, as filed with the Securities and Exchange Commission on August 10, 2012 (the "Report"), the undersigned, Stephen E. Carley, Chief Executive Officer, and Stuart B. Brown, Chief Financial Officer, of Red Robin Gourmet Burgers, Inc. (the "Company"), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that;

- (a) the Quarterly Report on Form 10-Q for the period ended July 8, 2012 of the Company (the "Periodic Report") fully complies with the requirements of section 13(a) and 15(d) of the Securities Exchange Act of 1934; and
- (b) the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 10, 2012

/s/ Stephen E. Carley

Stephen E. Carley
Chief Executive Officer

/s/ Stuart B. Brown

Stuart B. Brown
Chief Financial Officer

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

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