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 11, 2004

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 **Greenwood Village, CO** **(Address of principal executive offices)**	**80111** **(Zip Code)**

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

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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).☒ Yes ☐ No

As of August 10, 2004, there were 16,051,846 outstanding shares of the registrant's common stock.

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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 11, 2004	December 28, 2003
Assets		
Current Assets:		
Cash and cash equivalents	$ 4,040	$ 4,871
Accounts receivable, net	1,359	1,146
Inventories	4,820	4,357
Prepaid expenses and other current assets	2,117	3,977
Income tax refund receivable	—	1,172
Deferred tax asset	1,075	1,075
Restricted current assets – marketing funds	1,380	959
Total current assets	14,791	17,557
Property and equipment, at cost, net	180,167	151,061
Deferred tax asset	4,669	4,710
Goodwill, net	25,720	25,720
Other intangible assets, net	7,847	8,118
Other assets, net	2,778	3,047
Total assets	$ 235,972	$ 210,213
Liabilities and Stockholders’ Equity		
Current Liabilities:		
Trade accounts payable	$ 13,175	$ 9,139
Accrued payroll and payroll-related liabilities	15,784	12,931
Unredeemed gift certificates	2,609	3,997
Accrued liabilities	9,937	6,622
Accrued liabilities – marketing funds	1,380	959
Current portion of long-term debt and capital lease obligations	1,474	1,422
Total current liabilities	44,359	35,070
Deferred rent payable	5,662	5,296
Long-term debt and capital lease obligations	39,846	36,206
Commitments and contingencies	—	—
Stockholders’ Equity:		
Common stock; $.001 par value: 30,000,000 shares authorized; 16,051,796 and 15,969,723 shares issued and outstanding as of July 11, 2004 and December 28, 2003, respectively	16	16
Preferred stock; $.001 par value: 3,000,000 shares authorized; no shares issued and outstanding	—	—
Additional paid-in capital	123,533	122,184
Deferred compensation	(90)	(130)
Receivables from stockholders/officers	(6,526)	(6,432)
Accumulated other comprehensive loss, net of tax benefit	(43)	(108)
Retained earnings	29,215	18,111
Total stockholders’ equity	146,105	133,641
Total liabilities and stockholders’ equity	$ 235,972	$ 210,213

See Notes to Condensed Consolidated Financial Statements.

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

	Twelve Weeks Ended		Twenty-eight Weeks Ended	
	July 11, 2004	July 13, 2003	July 11, 2004	July 13, 2003
Revenues:				
Restaurant	$ 90,896	$ 73,329	$ 204,179	$ 163,546
Franchise royalties and fees	2,811	2,166	6,121	4,752
Rent revenue	61	97	197	186
Total revenues	93,768	75,592	210,497	168,484
Costs and Expenses:				
Restaurant operating costs:				
Cost of sales	21,351	17,314	48,181	38,365
Labor	31,597	25,858	71,706	57,707
Operating	13,096	10,853	29,629	24,820
Occupancy	5,683	4,966	13,029	11,234
Depreciation and amortization	4,515	3,566	10,208	8,126
General and administrative	6,596	5,429	14,659	12,334
Franchise development	629	324	2,954	1,721
Pre-opening costs	871	571	2,096	1,356
Total costs and expenses	84,338	68,881	192,462	155,663
Income from operations	9,430	6,711	18,035	12,821
Other (Income) Expense:				
Interest expense	579	650	1,411	1,589
Interest income	(74)	(71)	(173)	(167)
Loss on extinguishment of debt	—	106	—	106
Gain on sale of property	(257)	—	(257)	—
Other	50	(15)	88	(34)
Total other expenses	298	670	1,069	1,494
Income before income taxes	9,132	6,041	16,966	11,327
Provision for income taxes	(3,199)	(2,006)	(5,862)	(3,761)
Net income	$ 5,933	$ 4,035	$ 11,104	$ 7,566
Net income per share:				
Basic	$ 0.37	$ 0.27	$ 0.69	$ 0.50
Diluted	$ 0.36	$ 0.26	$ 0.68	$ 0.50
Weighted average shares outstanding:				
Basic	16,007	15,115	15,985	15,062
Diluted	16,302	15,352	16,301	15,273

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 11, 2004	July 13, 2003
Cash Flows From Operating Activities:		
Net income	$ 11,104	$ 7,566
Non-cash adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	10,208	8,126
Other, net	415	340
Changes in operating assets and liabilities	11,454	5,827
Net cash flows provided by operating activities	33,181	21,859
Cash Flows From Investing Activities:		
Proceeds from sales of property and equipment	1,102	90
Purchases of property and equipment	(39,771)	(28,291)
Net cash flows used in investing activities	(38,669)	(28,201)
Cash Flows From Financing Activities:		
Borrowings of long-term debt	8,849	15,052
Payments of long-term debt and capital leases	(5,157)	(12,028)
Debt issuance costs	—	(756)
Proceeds from repayment of promissory notes	53	—
Proceeds from sales of common stock	912	510
Net cash flows provided by financing activities	4,657	2,778
Net (decrease) increase in cash and cash equivalents	(831)	(3,564)
Cash and cash equivalents, beginning of period	4,871	4,797
Cash and cash equivalents, end of period	$ 4,040	$ 1,233

See Notes to Condensed Consolidated Financial Statements.

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RED ROBIN GOURMET BURGERS, INC.
Condensed Consolidated Statements of Stockholders' Equity
(In thousands)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Deferred Compensation	Receivables From Stockholders/ Officers	Accumulated Other Comprehensive Loss, net of tax	Retained Earnings	Total
	Shares	Amount						
Balance, December 28, 2003	15,970	$ 16	$ 122,184	$ (130)	$ (6,432)	$ (108)	$ 18,111	$ 133,641
Amortization of deferred compensation	—	—	—	40	—	—	—	40
Interest on notes from stockholders/officers	—	—	—	—	(164)	—	—	(164)
Repayment of stockholders/ officers notes and related interest	—	—	—	—	70	—	—	70
Options exercised for common stock	67	—	616	—	—	—	—	616
Tax benefit on exercise of stock options	—	—	437	—	—	—	—	437
Common stock issued through employee stock purchase plan	15	—	296	—	—	—	—	296
Net income	—	—	—	—	—	—	11,104	11,104
Unrealized gain on cash flow hedge	—	—	—	—	—	65	—	65
Comprehensive income								11,169
Balance, July 11, 2004	16,052	$ 16	$ 123,533	$ (90)	$ (6,526)	$ (43)	$ 29,215	$ 146,105

See Notes to Condensed Consolidated Financial Statements.

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

1. Description Of Business And Basis Of Presentation

Red Robin Gourmet Burgers, Inc., together with its subsidiaries (Red Robin or the Company), is a casual dining restaurant chain, which as of July 11, 2004 operated 125 company-owned restaurants located in 16 states. The Company also sells franchises and receives royalties from the operation of franchised Red Robin® restaurants. As of July 11, 2004, there were 113 additional restaurants operating under franchise or license agreements in 24 states and two Canadian provinces. Red Robin also owns and leases to third parties certain land, buildings and equipment.

The accompanying interim condensed consolidated financial statements are unaudited but, in the opinion of management, reflect all adjustments of a normal recurring nature necessary for a fair presentation of the results for such periods. The results of operations for any interim period are not necessarily indicative of results for the full year. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 28, 2003.

The Company's quarter which ended July 11, 2004 is referred to as second quarter 2004 or the twelve weeks ended July 11, 2004, and its quarter which ended July 13, 2003 is referred to as second quarter 2003 or the twelve weeks ended July 13, 2003. The first quarter ended April 18, 2004, is referred to as first quarter 2004, and the first quarter ended April 20, 2003, is referred to as first quarter 2003. The first quarters for both years presented included 16 weeks, whereas the second quarters included 12 weeks. Together, the first and second quarter of each respective fiscal year are referred to as the twenty-eight weeks ended July 11, 2004, and July 13, 2003, respectively. Certain amounts in the 2003 consolidated interim financial statements have been reclassified to conform to the 2004 presentation.

The condensed consolidated financial statements include the accounts of Red Robin and its wholly owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 the financial statements pertain to franchise receivables, allowances for doubtful accounts, fixed asset lives, valuation of long-lived assets, impairment of goodwill and other intangible assets, income taxes and self-insurance and workers' compensation reserves. Actual results could differ from those estimates.

2. Stock Based Compensation

Employee Stock Purchase Plan—The Company maintains an Employee Stock Purchase Plan (2002 ESPP) under which eligible employees may voluntarily contribute up to 15% of their salary, subject to limitations, to purchase common stock at a price equal to 85% of the fair market value of a share of the Company's common stock on the first day of each offering period, or 85% of the fair market value of a share of the Company's common stock on the last day of each offering period, whichever amount is less. Generally, all of the Company's officers and employees who have been employed by the Company for at least one year and who are regularly scheduled to work more than twenty hours per week are eligible to participate in the 2002 ESPP. The 2002 ESPP operates in successive six-month periods, or offering periods, commencing on each January 1 and July 1, which began on January 1, 2003. A total of 300,000 shares of common stock were initially reserved for issuance under the plan. During the twelve weeks ended July 11, 2004, a total of 6,965 shares of common stock were issued in connection with the 2002 ESPP. As of July 11, 2004, a total of 275,649 shares remained available for future issuance under the plan.

Employee Stock Incentive Plans—During second quarter 2004, a total of 146,681 employee stock options were granted under the Company's 2002 Stock Incentive Plan (2002 Stock Plan) at an exercise price equal to the closing market price on the date of grant. The weighted-average exercise price of these options was $27.20 per share.

The Company has adopted the disclosure provisions of Statement of Financial Accounting Standards (SFAS) No. 148,*Accounting for Stock-Based Compensation - Transition and Disclosure,* an amendment of Financial

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

Accounting Standards Board Statement No. 123. The Statement requires prominent disclosures in both annual and interim financial statements regarding the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The Company accounts for stock-based compensation awards under the intrinsic method of Accounting Principles Board Opinion No. 25, which requires compensation cost to be recognized based on the excess, if any, between the quoted market price of the stock at the date of grant and the amount an employee must pay to acquire the stock. As a result, compensation expense was recognized during the each period presented for certain options granted during 2002 with intrinsic value on the date of grant. The following table illustrates the effect on net income and earnings per share if the fair value recognition provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*, had been applied (in thousands, except per share data):

	Twelve Weeks Ended		Twenty-eight Weeks Ended	
	July 11, 2004	July 13, 2003	July 11, 2004	July 13, 2003
Net Income, as reported	$ 5,933	$ 4,035	$ 11,104	$ 7,566
Add: Stock-based employee compensation expense included in reported net income, net of related tax benefit	12	12	24	25
Deduct: Stock-based employee compensation costs, net of tax benefit	(531)	(229)	(1,104)	(431)
Pro forma net income	$ 5,414	$ 3,818	$ 10,024	$ 7,160
Earnings Per Share:				
Basic - as reported	$ 0.37	$ 0.27	$ 0.69	$ 0.50
Basic - pro forma	$ 0.34	$ 0.25	$ 0.63	$ 0.47
Diluted - as reported	$ 0.36	$ 0.26	$ 0.68	$ 0.50
Diluted - pro forma	$ 0.33	$ 0.25	$ 0.61	$ 0.46

The fair value of options granted during the periods presented have been estimated using the Black-Scholes multiple option-pricing model with the following weighted average assumptions:

	Twelve Weeks Ended		Twenty-eight Weeks Ended	
	July 11, 2004	July 13, 2003	July 11, 2004	July 13, 2003
Risk-free interest rate	3.9%	2.6%	3.3%	2.6%
Expected years until exercise	5.5	5.5	5.5	5.5
Expected stock volatility	40.8%	46.9%	41.2%	46.9%
Dividend yield	0.0%	0.0%	0.0%	0.0%

3. Borrowings

Borrowings consists of the following (in thousands):

	July 11, 2004	December 28, 2003
Revolving credit agreement	$ 24,500	$ 20,000
Capital leases	7,226	7,388
Collateralized notes payable	9,594	10,240
	41,320	37,628
Current portion	(1,474)	(1,422)
Long-term debt	$ 39,846	$ 36,206

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

As of July 11, 2004, borrowings outstanding under the revolving credit agreement bore interest at approximately 3.2%.

4. Franchise Operations

Results of franchise operations consists of the following (in thousands):

	Twelve Weeks Ended		Twenty-eight Weeks Ended	
	July 11, 2004	July 13, 2003	July 11, 2004	July 13, 2003
Franchise royalties and fees				
Royalty income	$ 2,651	$ 2,118	$ 5,719	$ 4,637
Franchise fees	160	48	402	115
Total franchise royalties and fees	2,811	2,166	6,121	4,752
Franchise development costs				
Payroll and employee benefit costs	294	332	949	477
General and administrative	351	300	802	467
Annual conference	(16)	(4)	1,203	777
Total franchise development costs	629	628	2,954	1,721
Operating income from franchise operations	$ 2,182	$ 1,326	$ 3,167	$ 3,031

5. Earnings Per Share

The Company presents both basic and diluted earnings per share amounts. Basic earnings per share is calculated by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted earnings per share amounts are based upon the weighted-average number of common and common equivalent shares outstanding during the period. Common equivalent shares are excluded from the computation in periods in which they have an anti-dilutive effect. Diluted earnings per share reflects the potential dilution that could occur if holders of options exercised their holdings into common stock. The Company uses the treasury stock method to calculate the impact of outstanding stock options (in thousands, except share data):

	Twelve Weeks Ended		Twenty-eight Weeks Ended	
	July 11, 2004	July 13, 2003	July 11, 2004	July 13, 2003
Net Income	$ 5,933	$ 4,035	$ 11,104	$ 7,566
Basic weighted average shares outstanding	16,007	15,115	15,985	15,062
Dilutive effect of employee stock options	295	237	316	211
Diluted weighted average shares outstanding	16,302	15,352	16,301	15,273
Earnings Per Share:				
Basic	$ 0.37	$ 0.27	$ 0.69	$ 0.50
Diluted	$ 0.36	$ 0.26	$ 0.68	$ 0.50

Unvested shares issued upon early exercise, as described in Note 6, are not considered outstanding for purposes of computing basic earnings per share because the employee is not entitled to the rewards of ownership. However, these unvested shares are included as potentially dilutive for purposes of estimating diluted net income per share. Unvested shares issued upon early exercise totaled 22,989 as of July 11, 2004, and 103,448 as of July 13, 2003.

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

6. Related Party Transactions

In April 2002, the Company's board of directors approved the early exercise of options to purchase up to 775,862 shares of common stock held by certain executive officers under the Company's 2000 Stock Plan and the exercise of options to purchase an additional 146,552 shares of the Company's common stock related to fully vested options held by certain executive officers under our 1990 and 1996 Stock Plans. These shares were issued in exchange for full recourse notes totaling $5.4 million, bearing interest at 4.65% per annum with maturity dates ranging from June 26, 2006 to January 29, 2012, or earlier if employment terminates. Shares issued upon early exercise of options are subject to a right of repurchase by the Company at the lower of fair value or issuance price until vested. The notes are recorded as a reduction of stockholders' equity and interest income of $141,509 and $134,837 has been recognized in the twenty-eight weeks ended July 11, 2004 and July 13, 2003, respectively. As of July 11, 2004 and December 28, 2003, the number of fully vested early exercised options totaled 752,873 and 741,379, respectively, and unvested early exercise options totaled 22,989 and 34,483, respectively.

During the twenty-eight weeks ended July 11, 2004, the Company's chief financial officer repaid $52,591 of principal related to his $600,000 full recourse note and $17,601 of accrued interest thereon. There have been no other repayments related to these officer notes since their inception. As a result, the outstanding principal balance of the remaining full recourse notes as of July 11, 2004 was $5.3 million.

The Company's chief executive officer has two $300,000 notes payable to the Company, collateralized by shares of the Company's common stock. The notes were issued in June 2000 and May 2001 in connection with an employment agreement, and bear interest, compounded annually, of 6.62% and 5.07%, respectively. The notes mature in May 2005, at which time all principal and interest becomes due and payable to the Company. These notes, and the related interest thereon, are recorded as a reduction of stockholders' equity. During the twenty-eight weeks ended July 11, 2004 and July 13, 2003, the Company recognized interest income of $23,022 and $22,215, respectively, on these notes.

The Company's chief executive officer and its senior vice president of operations own 31.0% and 7.0%, respectively, of Mach Robin, LLC (Mach Robin), which operates Red Robin restaurants under a franchise agreement. The Company recognized royalty income from Mach Robin in the amounts of $495,416 and $496,746 in the twenty-eight weeks ended July 11, 2004 and July 13, 2003, respectively. Prior to January 2004, an entity controlled by Mach Robin had a 40.0% ownership interest in, and a right to share up to 60.0% of the profits of Red Robin Restaurants of Canada, Ltd (RRRC), which operated Red Robin restaurants in two Canadian provinces under franchise agreements. The Company recognized royalty income from RRRC of $485,547 and $448,251 in the twenty-eight weeks ended July 11, 2004 and July 13, 2003, respectively. In January 2004, an entity controlled by Mach Robin acquired the remaining 60% ownership interest in RRRC that it did not already hold after the Company rejected its right of first refusal. The franchise agreements held by RRRC remain in place and RRRC is now controlled entirely by Mach Robin, or its subsidiaries.

7. Recent Accounting Pronouncements

Financial Accounting Standards Board Interpretation (FIN) No. 46, Consolidation of Variable Interest Entities, as revised, clarifies the application of Accounting Research Bulletin No. 51, Consolidated Financial Statements, to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. Under certain circumstances, FIN 46 requires the consolidation of entities, which may not have been consolidated prior to its issuance. The Company has no variable interest in variable interest entities and, therefore, there are no entities that were consolidated with our financial statements as a result of FIN 46.

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

Organization of Information

Management's Discussion and Analysis of Financial Condition and Results of Operations provides a narrative on our financial performance and condition that should be read in conjunction with the accompanying consolidated financial statements. This discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain risk factors including, but not limited to, those discussed in "Risk Factors" under Item 1 and elsewhere in our annual report on Form 10-K for the year ended December 28, 2003. This section includes the following discussions:

- Overview
- Unit Data and Comparable Restaurant Sales
- Results of Operations
- Second Quarter 2004 (Twelve Weeks) compared to Second Quarter 2003 (Twelve Weeks)
- Twenty-eight Weeks Ended July 11, 2004 compared to Twenty-eight Weeks Ended July 13, 2003
- Liquidity and Capital Resources
- Inflation
- Seasonality
- Critical Accounting Policies and Estimates
- Recent Accounting Developments
- Forward-Looking Statements

Overview

Red Robin is a casual dining restaurant chain which operates company-owned restaurants throughout the United States. We also sell franchises and receives royalties from the operation of franchised Red Robin® restaurants. As of July 11, 2004, we operated company-owned restaurants in 16 states and our franchisees operated restaurants in 24 states and two Canadian provinces. Red Robin also owns and leases to third parties certain land, buildings and equipment.

Unit Data and Comparable Restaurant Sales

The following table details the number of restaurants opened during second quarter 2004 and the current fiscal year ended July 11, 2004, as well as the total number of restaurants open as of July 11, 2004.

	Second Quarter 2004	Fiscal Year Through July 11, 2004
Company-owned:		
Beginning of period	122	115
Opened during period	3	10
End of period	125	125
Franchised:		
Beginning of period	110	103
Opened during period	5	12
Closed during period	(2)	(2)
End of period	113	113
Total Number of Red Robin Restaurants	238	238

Since July 11, 2004 and through the date of this filing, we have opened three additional company-owned restaurants and our franchisees have opened two additional restaurants. These openings bring our total restaurant count as of the date of this filing to 128 company-owned restaurants, 115 franchised restaurants and 243 total. We expect to open an additional nine company-owned restaurants and anticipate that our franchisees will open three to four additional restaurants during the remainder of 2004.

Our company-owned comparable restaurant sales increased 5.7% for second quarter 2004 and 7.2% for the twenty-eight weeks ended July 11, 2004, over second quarter 2003 and the twenty-eight weeks ended July 13, 2003, respectively. We reflect restaurants as comparable in the first period following five full quarters of operations.

Results of Operations

Our 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 revenues:

	Twelve Weeks Ended		Twenty-eight Weeks Ended	
	July 11, 2004	July 13, 2003	July 11, 2004	July 13, 2003
Revenues:				
Restaurant	96.9%	97.0%	97.0%	97.1%
Franchise royalties and fees	3.0	2.9	2.9	2.8
Rent revenue	0.1	0.1	0.1	0.1
Total revenues	100.0	100.0	100.0	100.0
Costs and Expenses:				
Restaurant operating costs:				
Cost of sales	23.5	23.6	23.6	23.5
Labor	34.8	35.3	35.1	35.3
Operating	14.4	14.8	14.5	15.2
Occupancy	6.3	6.8	6.4	6.9
Total restaurant operating costs	78.9	80.4	79.6	80.8
Depreciation and amortization	4.8	4.7	4.8	4.8
General and administrative	7.0	7.2	7.0	7.3
Franchise development	0.7	0.4	1.4	1.0
Pre-opening costs	0.9	0.8	1.0	0.8
Income from operations	10.1	8.9	8.6	7.6
Other (Income) Expense:				
Interest expense	0.6	0.9	0.7	0.9
Interest income	(0.1)	(0.1)	(0.1)	(0.1)
Loss on extinguishment of debt	—	0.1	—	0.1
Gain on sale of property	(0.2)	—	(0.1)	—
Other	0.1	—	—	—
Total other expenses	0.4	0.9	0.5	0.9
Income before income taxes	9.7	8.0	8.1	6.7
Provision for income taxes	(3.4)	(2.7)	(2.8)	(2.2)
Net income	6.3%	5.3%	5.3%	4.5%

Second Quarter 2004 (Twelve Weeks) compared to Second Quarter 2003 (Twelve Weeks)

Total revenues. Total revenues increased by $18.2 million, or 24.0%, to $93.8 million, from $75.6 million, due primarily to a $17.6 million increase in restaurant revenues. The increase in restaurant revenues was due to $7.9 million in additional revenues from the non-comparable restaurants that we opened in 2003, $5.8 million of revenues from ten new restaurants opened year-to-date during 2004 and $3.9 million from comparable restaurant sales increases of 5.7%. The increase in comparable restaurant sales was driven by an increase in guest counts of 3.2% and an increase in the average guest check of 2.5%. The increase in the average guest check reflects moderate price increases taken in January and mid-June.

Franchise royalties and fees increased $644,900, or 29.8%, to $2.8 million from $2.2 million. Franchise royalties increased $532,900, or 25.2%, to $2.7 million, from $2.1 million, due primarily to an increase in royalties generated from the 22 franchise restaurants opened in 2003 and 2004. Overall, our franchisees reported that comparable sales for U.S. and Canadian franchise restaurants increased 5.0% and 3.0%, respectively. Franchise fees increased $112,000 to $159,900, from $47,900, due primarily to the fact that our franchisees opened five restaurants in second quarter 2004 compared to two in second quarter 2003.

Cost of sales. Cost of sales increased by $4.0 million, or 23.3%, to $21.3 million, from $17.3 million, due primarily to more restaurants being operated during second quarter 2004. Cost of sales as a percentage of restaurant revenues decreased 0.1%, to 23.5%, from 23.6%. The improvement as a percentage of restaurant revenues was attributable primarily to the moderate price increases taken during January and mid-June, offset by slightly higher commodity costs in most food categories.

Labor. Labor expenses increased by $5.7 million, or 22.2%, to $31.6 million, from $25.9 million, due primarily to more restaurants being operated in second quarter 2004. Overall, labor expense as a percentage of restaurant revenues improved 0.5%, to 34.8%, from 35.3%. Labor as a percentage of restaurant revenues improved during second quarter 2004, due primarily to our 5.7% increase in comparable restaurant sales. Bonuses were 0.4% higher as a percentage of restaurant revenues due to improved comparable restaurant sales. Our workers' compensation expense improved to 0.5% of restaurant revenues during second quarter 2004 compared to 1.1% a year ago. The improvement in workers' compensation expense as a percentage of restaurant revenues was attributable to recent lower claims experience and per claim costs. In 2003, our workers' compensation costs had increased as a percentage of restaurant revenues and we cannot predict with certainty whether or not our workers' compensation expense will increase or decrease during the remainder of 2004.

Operating. Operating expenses increased by $2.2 million, or 20.7%, to $13.1 million, from $10.9 million, due primarily to more restaurants being operated in second quarter 2004. Operating expenses as a percentage of restaurant revenues improved 0.4%, to 14.4%, from 14.8%. The improvement as a percentage of restaurant revenues was due primarily to leverage from our 5.7% increase in comparable restaurant sales.

Occupancy. Occupancy expenses increased by $716,700, or 14.4%, to $5.7 million, from $5.0 million, due primarily to more restaurants being operated in second quarter 2004. Occupancy expense as a percentage of restaurant revenues improved 0.5%, to 6.3%, from 6.8%. Occupancy expense as a percentage of restaurant revenues at our comparable restaurants was 6.6%, compared to 6.9% the prior year. This improvement was attributable to leverage from our 5.7% increase in comparable restaurant sales. Occupancy expense as a percentage of restaurant revenues at our non-comparable restaurants was 4.9%, which was lower than our comparable restaurants due in part to the fact that we own, or have ground leases, on a greater percentage of our non-comparable restaurants.

Depreciation and amortization. Depreciation and amortization increased $948,800, or 26.6%, to $4.5 million, from $3.6 million. The increase was primarily due to the addition of 28 new restaurants opened in 2003 and 2004. Depreciation and amortization expense as a percentage of total revenues increased 0.1%, to 4.8% from 4.7%.

General and administrative. General and administrative expenses increased by $1.2 million, or 21.5%, to $6.6 million, from $5.4 million, primarily due to additional headcount and related costs attributable to operating more company-owned restaurants. These increases were partially offset by lower marketing expenses. General and administrative expenses as a percentage of total revenues improved 0.2%, to 7.0%, from 7.2%, due primarily to leverage from our increase in total revenues.

Franchise development. Our franchisees opened five new restaurants in second quarter 2004 compared to two in second quarter 2003. Overall, franchise development expenses increased $304,600, or 93.9%, to $629,000, from $324,400, due primarily to additional headcount and related costs attributable to franchise operations. Franchise development expenses as a percentage of total revenues increased 0.3%, to 0.7%, from 0.4%. We substantially increased the size of our franchise development and support teams during the second half of 2003.

Pre-opening costs. Pre-opening costs increased $440,100, or 56.1%, to $1.2 million, from $785,100, due primarily to the fact that there were three company-owned restaurants opened during second quarter 2004, compared to two in the prior year period. Pre-opening costs as a percentage of total revenues increased 0.2%, to 1.0%, from

0.8%. Pre-opening costs for restaurants we opened in second quarter 2004 were 3.7% higher on average than the costs for restaurants we opened in second quarter 2003. Pre-opening costs for second quarter 2004 also included $358,900 for restaurants we opened during the third quarter of 2004.

Interest expense. Interest expense decreased by $70,800, or 10.9%, to $579,000, from $649,800. Our interest expense was lower in second quarter 2004 due to the early payoff of various real estate and equipment loans during 2003 that bore significantly higher interest rates than borrowings under our revolving credit agreement. These reductions were partially offset by higher interest expense on borrowings and loan amortization fees related to our revolving credit agreement.

Interest income. Interest income was $73,700 in second quarter 2004, compared to $70,100 in second quarter 2003. Primarily all of the interest income we recorded in both periods was attributable to related party receivables from officer/stockholder notes.

Loss on extinguishment of debt. We incurred legal fees, prepayment penalties, non-cash write-offs of unamortized debt issuance costs and other costs totaling $106,500 during second quarter 2003 as a result of our exercise of purchase options to acquire properties previously under capital lease.

Gain on sale of property. During second quarter 2004 we sold a parcel of land for $1.1 million, resulting in a pre-tax gain of $256,900.

Other. Other expense was $50,394 in second quarter 2004, compared to other income of $15,300 in second quarter 2003.

Income before income taxes. As a result of the above, income before income taxes increased $3.1 million, or 51.2%, to $9.1 million, from $6.0 million.

Provision for income taxes. The provision for income taxes increased $1.2 million, or 59.5%, to $3.2 million, from $2.0 million. The increase was due primarily to increased pre-tax earnings and an increase in our estimated effective income tax rate. Our effective income tax rate for second quarter 2004 was 35.0%, compared to 33.2% for second quarter 2003.

Net income. As a result of the above, net income increased by $1.9 million, or 47.1%, to $5.9 million, from $4.0 million.

Twenty-eight Weeks ended July 11, 2004 compared to Twenty-eight Weeks ended July 13, 2003

Total revenues. Total revenues increased by $42.0 million, or 24.9%, to $210.5 million, from $168.5 million, due primarily to a $40.6 million increase in restaurant revenues. The increase in restaurant revenues was due to $20.2 million in additional revenues from the non-comparable restaurants that we opened in 2002 and 2003, $11.0 million from comparable restaurant sales increases of 7.2%, $8.8 million of revenues from ten new restaurants opened year-to-date during 2004, and $682,000 of additional revenues from the restaurant we assumed operations of during April 2003. The increase in comparable restaurant sales was driven by an increase in guest counts of 5.4% and an increase in the average guest check of 1.8%. The increase in the average guest check reflects moderate price increase taken in January and mid-June.

Franchise royalties and fees increased $1.4 million, or 28.8%, to $6.1 million from $4.8 million. Franchise royalties increased $1.1 million, or 23.3%, to $5.7 million, from $4.6 million, due primarily to an increase in royalties generated from the 22 franchise restaurants opened in 2003 and 2004. Overall, our franchisees reported that comparable sales for U.S. and Canadian franchise restaurants increased 5.3% and 3.9%, respectively. Franchise fees increased $286,800 to $401,900, from $115,100, due to the fact that our franchisees opened twelve restaurants in the twenty-eight weeks ended July 11, 2004 compared to four a year ago.

Cost of sales. Cost of sales increased by $9.8 million, or 25.6%, to $48.2 million, from $38.4 million, due primarily to more restaurants being operated during the twenty-eight weeks ended July 11, 2004. Cost of sales as a percentage of restaurant revenues increased 0.1%, to 23.6%, from 23.5%. The increase as a percentage of restaurant revenues was attributable to increases in certain food costs that we experienced in the second half of 2003, offset in part by moderate price increases taken during January and mid-June

Labor. Labor expenses increased by $14.0 million, or 24.3%, to $71.7 million, from $57.7 million, due primarily to more restaurants being operated in the twenty-eight weeks ended July 11, 2004. Labor expense as a percentage of restaurant revenues improved 0.2%, to 35.1%, from 35.3%, due primarily to our 7.2% increase in comparable restaurant sales. Bonus and payroll tax expenses increased 0.5% and 0.4%, respectively. The increase in bonus expenses was primarily due to improved comparable restaurant sales. Workers' compensation expense was unchanged as a percentage of restaurant sales during the twenty-eight weeks ended July 11, 2004 compared to a year ago. In 2003, our workers' compensation costs had increased as a percentage of sales and we cannot predict with certainty whether or not our workers' compensation expense will increase or decrease during the remainder of 2004.

Operating. Operating expenses increased by $4.8 million, or 19.4%, to $29.6 million, from $24.8 million, due primarily to more restaurants being operated in the twenty-eight weeks ended July 11, 2004. Operating expenses as a percentage of restaurant revenues improved 0.7%, to 14.5%, from 15.2%. The improvement as a percentage of restaurant revenues was due to our 7.2% increase in comparable restaurant sales and the discontinuance of one of our marketing funds midway through first quarter 2003, for which we had previously contributed 0.3% of restaurant revenues.

Occupancy. Occupancy expenses increased by $1.8 million, or 16.0%, to $13.0 million, from $11.2 million, due primarily to more restaurants being operated in the twenty-eight weeks ended July 11, 2004. Occupancy expense as a percentage of restaurant revenues improved 0.5%, to 6.4%, from 6.9%. Occupancy expense as a percentage of restaurant revenues at our comparable restaurants was 6.7%, compared to 7.0% the prior year. This decrease is attributable to leverage from our 7.2% increase in comparable restaurant sales. Occupancy expense as a percentage of restaurant revenues at our non-comparable restaurants was 5.1%, which is lower than our comparable restaurants due in part to the fact that we own, or have ground leases, on a greater percentage of our non-comparable restaurants.

Depreciation and amortization. Depreciation and amortization increased $2.1 million, or 25.6%, to $10.2 million, from $8.1 million. The increase was primarily due to the addition of 28 new restaurants opened in 2003 and 2004. Depreciation and amortization expense as a percentage of total revenues was unchanged at 4.8% for both periods presented.

General and administrative. General and administrative expenses increased by $2.3 million, or 18.8%, to $14.7 million, from $12.3 million, primarily due to additional headcount and related costs attributable to operating more company-owned restaurants. These increases were partially offset by lower marketing expenses. General and administrative expenses as a percentage of total revenues improved 0.3%, to 7.0%, from 7.3%. The improvement in general and administrative expenses as a percentage of total revenues was primarily attributable to leverage from our increase in total revenues.

Franchise development. Franchise development expenses increased $1.2 million, or 71.6%, to $2.9 million, from $1.7 million, due in part to additional headcount and related costs attributable to franchise operations. One third of this increase was attributable to our annual conference. Costs for the 2004 conference were higher than a year ago due to the fact that there were more attendees and because we held the 2004 conference in a more expensive location. Franchise development expenses as a percentage of total revenues increased 0.4%, to 1.4%, from 1.0%. We substantially increased the size of our franchise development and support teams during the second half of 2003 in order to support 2004 franchisee new restaurant openings and the existing franchisee restaurant base. Our franchisees have opened 12 new restaurants in the twenty-eight weeks ended July 11, 2004 compared to four in the prior year period.

Pre-opening costs. Pre-opening costs increased $740,200, or 54.6%, to $2.1 million, from $1.4, due primarily to the fact that there were ten company-owned restaurants opened during the twenty-eight weeks ended July 11, 2004, compared to seven in the prior year period. Pre-opening costs as a percentage of total revenues increased

0.2%, to 1.0%, from 0.8%. Pre-opening costs for restaurants we opened in the twenty-eight weeks ended July 11, 2004 were 2.5% higher on average than the costs for restaurants we opened in the twenty-eight weeks ended July 13, 2003. Pre-opening costs for the twenty-eight weeks ended July 11, 2004, included $358,900 of expense related to restaurants we opened after the end of second quarter 2004, compared to $175,300 in the prior year.

Interest expense. Interest expense decreased by $177,600, or 11.2%, to $1.4 million, from $1.6 million. Our interest expense was lower in the twenty-eight weeks ended July 11, 2004 due to the early payoff of various real estate and equipment loans during 2003 that bore significantly higher interest rates than borrowings under our revolving credit agreement. These reductions were partially offset by higher interest expense on borrowings and loan amortization fees related to our revolving credit agreement.

Interest income. Interest income was $173,000 in the twenty-eight weeks ended July 11, 2004, compared to $166,400 in the twenty-eight weeks ended July 13, 2003. Primarily all of the interest income we recorded in both periods was attributable to related party receivables from officer/stockholder notes.

Loss on extinguishment of debt. We incurred legal fees, prepayment penalties, non-cash write-offs of unamortized debt issuance costs and other costs totaling $106,500 during second quarter 2003 as a result of our exercise of purchase options to acquire properties previously under capital lease.

Gain on sale of property. During second quarter 2004 we sold a parcel of land for $1.1 million, resulting in a pre-tax gain of $256,900.

Other. Other expense was $88,300 in the twenty-eight weeks ended July 11, 2004, compared to other income of $33,900 in the twenty-eight weeks ended July 13, 2003. Results for the twenty-eight weeks ended July 13, 2003 included a one-time gain of $34,300, which offset various other expenses.

Income before income taxes. As a result of the above, income before income taxes increased $5.6 million, or 49.8%, to $17.0 million, from $11.3 million.

Provision for income taxes. The provision for income taxes increased $2.1 million, or 55.9%, to $5.9 million, from $3.8 million. The increase was due primarily to increased pre-tax earnings and an increase in our estimated effective income tax rate. Our effective income tax rate for the twenty-eight weeks ended July 11, 2004 was 34.6%, compared to 33.2% for the twenty-eight weeks ended July 13, 2003.

Net income. As a result of the above, net income increased by $3.5 million, or 46.8%, to $11.1 million, from $7.6 million.

Liquidity and Capital Resources

Cash and cash equivalents were $4.0 million as of July 11, 2004, compared to $4.9 million at the end of fiscal 2003. We attempt to keep only enough cash on hand to satisfy our working capital requirements, which can vary substantially as a result of seasonality, construction and other corporate needs. All available cash in excess of our estimated working capital needs is generally used to repay borrowings under our revolving credit agreement.

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The change in cash and cash equivalents were as follows (in thousands):

	Twenty-eight Weeks Ended	
	July 11, 2004	July 13, 2003
Cash provided by operations	$ 33,181	$ 21,859
Cash used by investing activities	(38,669)	(28,201)
Cash provided by financing activities	4,657	2,778
(Decrease) increase in cash and cash equivalents	$ (831)	$ 3,564

Operating Activities

Cash provided by operations in the twenty-eight weeks ended July 11, 2004 increased $11.3 million, or 51.8%, to $33.2 million, compared to $21.8 million in the twenty-eight weeks ended July 13, 2003, reflecting increased cash flow from restaurant and franchise operations, lower cash payments for taxes and interest, and increased cash flow from changes in operating assets and liabilities. These improvements were offset in part by increased non-cash adjustments to net income.

Investing Activities

Cash used in investing activities during the twenty-eight weeks ended July 11, 2004 increased $10.5 million, or 37.1%, to $38.7 million, compared to $28.2 million in the twenty-eight weeks ended July 13, 2003. Our investing activities consist primarily of purchases of property and equipment related to the construction of new restaurants and remodels and capital improvements of our existing company-owned restaurants. Our cash inflows from investing activities generally relate to proceeds from the sale of property and equipment.

Capital Expenditures. In the twenty-eight weeks ended July 11, 2004, we spent $39.8 million for new restaurant construction, remodels, capital improvements and various corporate initiatives. During the twenty-eight weeks ended July 13, 2003, we spent $28.3 million for new restaurant construction, remodels, capital improvements, corporate initiatives and a lease buy-out on a property previously under capital lease.

During 2004, we expect to open 22 new company-owned restaurants for a total cost of $50.0 million to $52.0 million and we plan to spend $6.3 million to $6.6 million on restaurant remodels and capital improvements of our existing restaurants. In addition, we expect to invest $2.7 million to $2.8 million for corporate initiatives, including information systems, computer equipment and our corporate headquarters relocation that occurred in March 2004.

Proceeds from Investing Activities. Proceeds of $1.1 million were generated during second quarter 2004 as a result of the sale of a parcel of land. During the twenty-eight weeks ended July 13, 2003 proceeds of $90,200 were generated primarily from the sale of property.

Financing Activities

Cash provided by financing activities during the twenty-eight weeks ended July 11, 2004 increased $1.9 million. Our financing activities consist primarily of borrowings used to fund restaurant construction and other corporate needs in excess of cash provided by operations and proceeds we receive from sales of common stock. Cash used in financing activities is primarily related to the repayment of various borrowings. During the remainder of 2004, we expect our primary source of cash provided by financing activities will be obtained from additional borrowings under our revolving credit agreement.

Proceeds from the Issuance of Stock. During the twenty-eight weeks ended July 11, 2004, proceeds of $616,300 were received as a result of the exercise of employee stock options and $296,200 of proceeds were received as a result of sales of common stock to participants of our employee stock purchase plan.

Borrowings. We maintain an $85.0 million amended revolving credit agreement that will expire in May 2006, which is in place to fund the construction and acquisition of new restaurants, to refinance existing indebtedness and for general corporate purposes, including working capital.

The amended revolving credit agreement is secured by a first priority pledge of all of the outstanding capital stock of our subsidiaries and a first priority lien on substantially all of our tangible and intangible assets. Borrowings under our revolving credit facility bear interest at one of the following rates we select: an Alternate Base Rate (ABR), which is based on the Prime Rate plus 1.0% to 1.75%, or a London Interbank Offered Rate (LIBOR), which is based on the relevant one, two, three or six month LIBOR, at our discretion, plus 2.0% to 2.75%. The spread, or margin, for ABR and LIBOR loans is adjusted quarterly based on our then current leverage ratio. Interest payments on ABR loans are due the last day of each March, June, September and December and on the maturity date. Interest payments on LIBOR loans having an interest period of three months or less are due the last day of such interest period. Interest payments on LIBOR loans having an interest period longer than three months are due every three months after the first day of the interest period and the last day of such interest period. In addition, we may borrow up to $3.0 million under a swingline loan subfacility if the sum of the outstanding ABR and LIBOR loans, swingline loans and letters of credit do not exceed $85.0 million. Swingline loans bear interest at a per annum rate equal to the prime rate plus 1.0% to 1.75%. As of July 11, 2004, borrowings outstanding under our revolving credit agreement bore interest at approximately 3.2%.

During the twenty-eight weeks ended July 11, 2004, our borrowings of long-term debt totaled $8.8 million and our payments of long-term debt and capital lease obligations totaled $5.2 million. Debt outstanding during the twenty-eight weeks ended July 11, 2004 had stated interest rates ranging from 2.1% to 13.4% and maturities ranging from 2005 through 2021. We do not plan to early prepay any capital lease or collateralized notes payable during 2004. Our borrowing activity in the twenty-eight weeks ended July 11, 2004 was as follows (in thousands):

	Additions	Payments	Total
Revolving credit agreement	$ 8,849	$ (4,349)	$ 4,500
Other repayments of capital leases and collateralized notes payable	—	(808)	(808)
Total	$ 8,849	$ (5,157)	$ 3,692

An irrevocable letter of credit issued under our revolving credit agreement in the amount of $2,041,000 is being maintained to back our self-insured workers' compensation program and reduces the amount of borrowings available on our revolving credit agreement. Our total committed borrowing capacity, capacity used and unused borrowing capacity as of July 11, 2004 were as follows (in thousands):

	Committed Capacity	Capacity Used	Unused Capacity
Revolving credit agreement	$ 85,000	$ 26,541	$ 58,549

The revolving credit agreement requires that capital expenditures, as defined, will not exceed specified amounts for each fiscal year as set forth in the following table (in thousands). However, to the extent we do not exceed the annual limitations, any unused amount up to $10.0 million in any fiscal year will be carried forward to the following fiscal year and will increase the limit in the succeeding year by such carry-forward amount. We carried forward $1.7 million from 2003, in accordance with the agreement, which has been reflected in the table below.

	Amount
2004	$64,700
2005	75,000
2006	75,000

The revolving credit agreement prohibits us from entering into or assuming any obligations for the payment of rent under operating leases which, with respect to all new restaurants opened in each fiscal year in the aggregate, would exceed $2.5 million in each of 2004, 2005 and 2006. In addition, the revolving credit agreement prohibits us from entering into obligations with respect to operating leases that would allow for an annual increase, on a year-to-year basis, of more than 20%.

The revolving credit agreement restricts our ability to, among other things, engage in mergers, acquisitions, joint ventures and sale-leaseback transactions, and to sell assets, incur indebtedness, make investments, create liens and pay dividends. We are currently in compliance with all covenants related to the revolving credit facility.

As of July 11, 2004, we had $9.5 million outstanding under various real estate and equipment loans with GE Capital. These loans bear interest at the 30-day commercial paper rate plus 3.0% to 3.5%, mature from 2005 to 2016, and are secured by buildings, equipment and improvements on certain properties. In addition, we had $7.3 million outstanding under various real estate and equipment loans with other lenders. These loans bear interest at rates ranging from 2.1% to 13.4% and mature from 2006 to 2021. The GE Capital loans, together with certain of our other loans, require that we maintain a maximum debt to net worth ratio, a minimum debt coverage ratio, a minimum EBITDA ratio and a maximum funded indebtedness ratio. As of July 11, 2004, we were in compliance with all of these financial ratios.

Capital Resources. We believe that anticipated cash flows from operations and funds available from our existing revolving credit agreement, together with cash on hand, will provide sufficient funds to finance our expansion plans and corporate initiatives through the remaining term of our revolving credit agreement. Changes in our operating plans, acceleration of our expansion plans, lower than anticipated sales, increased expenses or other events may make it necessary for us to seek additional debt or equity financing in future periods. There can be no guarantee that financing will be available on acceptable terms, or at all, and our failure to raise capital when needed could negatively impact our growth plans and our financial condition and results of operations. Additional equity financing may be dilutive to the holders of our common stock and debt financing, if available, may involve significant cash payment obligations and covenants and/or financial ratios that restrict our ability to operate our business.

Inflation

The primary inflationary factors affecting our operations are food and labor costs. A large number of our restaurant personnel are paid at rates based on the applicable minimum wage, and increases in the minimum wage directly affect our labor costs. Many of our leases require us to pay taxes, maintenance, repairs, insurance and utilities, all of which are generally subject to inflationary increases. We believe inflation had a modest impact on our results of operations in the twenty-eight weeks ended July 11, 2004 primarily due to rising commodity prices for certain foods we purchase at market rates. However, we cannot quantify this impact. In addition, we are also experiencing rising construction costs for materials and labor related to construction of our new restaurants. Uncertainties related to future commodity prices, the supply of labor and construction materials make it difficult to predict what impact, if any, inflation may have during the remainder of 2004 and beyond.

Seasonality

Our business is subject to seasonal fluctuations. Historically, sales in most of our restaurants have been higher during the summer months and winter holiday season. As a result, our quarterly and annual operating results and comparable restaurant 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. In the future, operating results may fall below the expectations of securities analysts and investors. In that event, the price of our common stock would likely decrease.

Critical Accounting Policies and Estimates

We believe that the application of the following accounting policies, which are important to our financial position and results of operations, requires significant judgments and estimates on the part of management.

Goodwill, Intangible Assets and Other Long-Lived Assets. Goodwill and other intangible assets must be tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and at least once annually for goodwill. We completed our most recent annual impairment test in December 2003, and determined that there were no impairment losses related to goodwill. In assessing the recoverability of goodwill, market values and projections regarding estimated future cash flows and other factors are used to determine the fair value of the respective assets. If these estimates or related projections change in the future, we may be required to record impairment charges for these assets.

We assess intangible assets subject to amortization and other long-lived assets, including property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We perform this assessment on a restaurant-by-restaurant basis and will recognize an impairment loss when we believe the sum of undiscounted expected future cash flows is less than the carrying amount of such assets. The measurement for such an impairment loss is then based on the fair value of the asset as determined by discounted cash flows or appraisals, if available.

Revenue Recognition for Franchise Royalties and Fees. Royalties are accrued as earned, and are calculated each period based on the reporting franchisee's adjusted sales. Under certain circumstances, where collection of franchise royalties is not probable, we do not recognize royalty income until cash is received. We typically grant franchise rights for a term of 20 years, with the right to extend the term for an additional ten years if certain conditions are satisfied. We provide management expertise, training, pre-opening assistance and restaurant operating assistance in exchange for area development fees, franchise fees, license fees and royalties of 3.0% to 4.0% of the franchised restaurant's adjusted sales. Under our current form of area development agreement, we collect a $10,000 area development fee for each restaurant the franchisee agrees to develop at the time we enter into the area development agreement. When a franchisee opens a new restaurant, we collect an additional franchise fee of $25,000. We may charge lower area development fees and franchise fees for existing franchisees. Area development fees and franchise fees are recognized as income when all material obligations of and initial services to be provided by us have been performed, generally upon the opening of the restaurant. Until earned, these fees are accounted for as deferred income, a liability.

Income Taxes. Current tax liabilities or assets are recognized for the estimated taxes payable or refundable on tax returns for the current year. However, because tax laws and financial accounting standards differ in their recognition and measurement of assets, liabilities, equity, revenues, expenses, gains, and losses, differences arise between the amount of taxable income and pretax financial income for a year and the tax bases of assets or liabilities and their reported amounts in financial statements. Our effective tax rate differs from the federal statutory rate principally as a result of state income taxes, general business and other tax credits and changes in deferred tax asset valuation allowances. We realize significant tax credits because our employees receive cash tips from customers. In addition, we are required to make estimates in determining various state income tax rates. Estimating FICA tip credits and state income tax rates is inherently difficult, and actual results may differ materially from the estimates we use when reporting income taxes in our financial statements.

Deferred tax liabilities are recognized for the estimated effects of all taxable temporary differences, and deferred tax assets are recognized for the estimated effects of all deductible temporary differences and operating loss and tax credit carryforwards. The measurement of our current and deferred tax liabilities and assets is based on provisions of enacted tax laws. Current financial accounting standards do not require us to consider the effects of future changes in tax laws or rates when making our estimates. The measurement of our deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized. Our provision or benefit for income taxes each year includes the tax consequences of most events that are recognized in the financial statements for that year.

Property and Equipment. Property and equipment are recorded at cost. Expenditures for major additions and improvements are capitalized, and minor replacements, maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight-line method for financial reporting purposes, based on the shorter of the estimated useful life or the term of the underlying lease of the related asset. We use other depreciation methods, generally accelerated, for tax purposes where appropriate. We capitalize interest incurred on funds used to construct property and equipment. Capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life. Depreciation expense represents a significant estimate of the decline in usefulness of assets. However, we believe that the estimated useful lives we assign to our assets result in an accurate allocation of depreciation expense during the periods benefited by use.

Recent Accounting Developments

FIN 46. Financial Accounting Standards Board Interpretation (FIN) No. 46, *Consolidation of Variable Interest Entities*, as revised, clarifies the application of Accounting Research Bulletin No. 51, *Consolidated Financial Statements*, to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. Under certain circumstances, FIN 46 requires the consolidation of entities, which may not have been consolidated prior to its issuance. We have no variable interest in variable interest entities and, therefore, there are no entities that were consolidated with our financial statements as a result of FIN 46.

Forward-Looking Statements

Certain information contained in this Form 10-Q includes forward-looking statements. Forward-looking statements include statements regarding our expectations, beliefs, intentions, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements which are other than statements of historical facts. These statements may be identified, without limitation, by the use of forward looking terminology such as “may”, “will”, “anticipates”, “expects”, “believes”, “intends”, “should” or comparable terms or the negative thereof. All forward-looking statements included in this Form 10-Q are based on information available to us on the date hereof. Such statements speak only as of the date hereof. These statements involve risks and uncertainties that could cause actual results to differ materially from those described in the statements. These risks and uncertainties include, but are not limited to, the following:

- our ability to achieve and manage our planned expansion;
- the ability of our franchisees to open and manage new restaurants;
- our franchisees’ adherence to our practices, policies and procedures;
- changes in the availability and costs of food;
- potential fluctuation in our quarterly operating results due to seasonality and other factors;
- the continued service of key management personnel;
- the concentration of our restaurants in the Western United States;
- our ability to protect our name and logo and other proprietary information;
- changes in consumer preferences, general economic conditions or consumer discretionary spending;
- health concerns about our food products and food preparation;
- our ability to attract, motivate and retain qualified team members;
- the impact of federal, state or local government regulations relating to our team members or the sale of food or alcoholic beverages;
- the impact of litigation;
- cost and availability of capital
- the effect of competition in the restaurant industry;
- additional costs associated with compliance, including the Sarbanes-Oxley Act and related regulations and requirements; and
- other risk factors described from time to time in SEC reports filed by Red Robin.

Other risks, uncertainties and factors, including those discussed under “Risk Factors” and elsewhere in our annual report on Form 10-K for the year ended December 28, 2003, could cause our actual results to differ materially from those projected in any forward-looking statements we make. The list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative, but by no means exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

We assume no obligation to publicly update or revise these forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk exposures for our assets are related to cash, cash equivalents and investments. We invest our excess cash in highly liquid short-term investments with maturities of less than one year. These investments are not held for trading or other speculative purposes. Changes in interest rates affect the investment income we earn on our investments and, therefore, impact our cash flows and results of operations.

Under our amended revolving credit agreement, we are exposed to market risk from changes in interest rates on borrowings, which bear interest at one of the following rates we select: an ABR, based on the Prime Rate plus 1.0% to 1.75%, or a LIBOR, based on the relevant one, two, three or six-month LIBOR, at our discretion, plus 2.0% to 2.75%. The spread, or margin, for ABR and LIBOR loans under the revolving credit agreement are subject to quarterly adjustment based on our then current leverage ratio, as defined by the agreement.

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

We are a party to a variable-to-fixed interest rate swap agreement that became effective in January 2003 and expires in January 2006. The agreement has been designated as a cash flow hedge under which we pay interest on $10.0 million of notional amount at a fixed rate and receive interest on $10.0 million of notional amount at a variable rate. The variable rate interest received by us resets according to the then current 1-month LIBOR rate determined two banking days prior to the first day of each monthly calculation period. This hedge is highly effective as defined by Statement of Financial Accounting Standards No. 133, and there were no gains or losses recognized in earnings during the twenty-eight weeks ended July 11, 2004 or July 13, 2003. At the end of the twenty-eight weeks ended July 11, 2004, the unrealized loss on derivative instruments designated and qualifying as cash flow hedging instruments that are reported in comprehensive income totaled $42,750, net of tax of $26,480, compared to $108,100, net of tax of $67,700 at the end of fiscal 2003.

Our variable rate based loans with GE Capital bear interest at the 30-day commercial paper rate plus a fixed percentage of 3.0% to 3.5%.

As of July 11, 2004, we had $23.7 million of borrowings subject to variable interest rates, and a 1.0% change in the effective interest rate applied to these loans would have resulted in pre-tax interest expense fluctuating $237,000 on an annualized basis.

Primarily all of our transactions are conducted, and our accounts are denominated, in United States dollars. Accordingly, we are not exposed to 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 purchase commitments with terms of no more than a year. 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

As of the end of the period covered by this report, we performed an evaluation under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based upon that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

No change in our internal control over financial reporting occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The following matters were submitted to a vote of security holders during the Company's annual meeting of shareholders held on June 2, 2004.

	Number of Shares			
Description of Matter	Voted For	Votes Withheld	Voted Against	Abstain
1. Election of Class II Directors				
Edward T. Harvey	14,626,182	634,259		
Gary J. Singer	11,557,322	3,703,119		
2. Approval of 2004 Performance Incentive Plan	10,368,244		3,755,542	2,943
3. Ratification of Appointment of Independent Auditors	14,988,920		268,485	3,036

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

Exhibit Number	Description
10.1	Master Distribution Agreement, dated April 20, 2004, by and between Sysco Corporation and Red Robin Gourmet Burgers.*
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

* Confidential treatment has been requested for a portion of this Exhibit.

(b) Reports on Form 8-K.

On May 20, 2004, we furnished a current report on Form 8-K under Item 12, Results of Operations and Financial Condition, which discussed financial results for the first quarter of 2004, ended April 18, 2004. The report on Form 8-K included the following exhibits:

Exhibit Number	Description
99.1	Red Robin Gourmet Burgers, Inc., Press Release, dated May 20, 2004.

On June 6, 2004, we filed a current report on Form 8-K under Item 10, Amendments to the Registrant's Code of Ethics, or Waiver of a Provision of the Code of Ethics, which discussed a Board of Directors resolution granting a waiver with respect to the Company's Code of Ethics. This waiver was granted to the Company's Chief Executive Officer, Michael J. Snyder and it's Senior Vice President of Restaurant Operations, Robert J. Merullo. Mr. Snyder abstained from the vote upon the Board of Directors' resolution.

The Board granted the waiver with respect to conflicts of interest resulting from proposed area development agreements between Red Robin International, Inc. and Mach Robin, a franchisee in which Mr. Snyder and Mr. Merullo own 31.0% and 7.0%, respectively, granting the franchisee franchise development rights in Reno, Nevada, and a portion of Chicago, Illinois. Specifically, the Chicago development agreement was a renewal of an existing agreement that amended the terms to reduce the number of counties for which Mach Robin has development rights, and the purpose of the Reno development agreement was to document and renew an existing arrangement with Mach Robin.

The Audit Committee determined that the terms of the two agreements were no less favorable to the Company than the terms that could have been negotiated with other, unrelated parties.

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 13, 2004	/s/ James P. McCloskey
(Date)	James P. McCloskey
	Chief Financial Officer

Exhibit 10.1

***** Confidential treatment has been requested as to certain portions of this agreement. Such omitted confidential information has been designated by an asterisk and has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities and Exchange Act of 1934, as amended, and the Commission's rules and regulations promulgated under the Freedom of Information Act, pursuant to a request for confidential treatment. *****

[GRAPHIC]

A

SYSCO Corporation

Master Distribution

Agreement

For

Red Robin Gourmet Burgers

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MASTER DISTRIBUTION AGREEMENT

Master Distribution Agreement (this “Agreement”), dated April 20, 2004 between SYSCO CORPORATION for itself and on behalf of those of its operating subsidiaries and/or divisions listed in Schedule 1 (collectively, “SYSCO”) and Red Robin Gourmet Burgers and each entity that owns or operates any of the establishments listed as Customer Locations on Schedule 1 (collectively, “Customer”).

Background

A. SYSCO performs regional and national marketing, freight management, consolidated warehousing, quality assurance and performance-based product marketing for suppliers of products to the foodservice distribution industry;

B. SYSCO performs purchasing, marketing, warehousing, quality assurance, product research and development, transportation and distribution services for foodservice customers directly and through its operating subsidiaries and divisions (collectively, “Operating Companies” and individually, “Operating Company”); and

C. Customer owns, operates, or is a franchiser of, and/or acts as a group purchasing organization for the establishments listed in Schedule 1 (the “Customer Locations”).

D. Customer desires to contract with SYSCO as its primary distributor for foodservice products (i.e., supplying 80% or more of such products) to all of its participating Customer Locations and SYSCO desires to perform these services.

E. This agreement applies exclusively to SYSCO and the above listed Customer, and the Customer Locations, all of which are owned, operated, or franchised by the Customer. In order to be governed by the terms of this Agreement, distribution services to entities that are not owned, operated, or franchised by Customer must he pursuant to **the** express written consent of SYSCO.

In consideration of the mutual obligations set forth below, the parties agree as follows:

1. Appointment of Distributor

Customer appoints SYSCO to serve as its primary distributor to the Customer Locations of foodservice products within the product categories described in Schedule 2 (“Products”). By appointing SYSCO its “primary distributor” Customer agrees that each participating Customer Location will purchase not less than 80% of the dollar volume of such Customer Location’s purchase requirements of Products in each Product category.

Products will include SYSCO® brand, national brand and other products stocked by SYSCO. SYSCO® brand products include all products under trademarks or tradenames owned by SYSCO as well as products under trademarks available exclusively to SYSCO® in foodservice distribution channels.

2. Customer Service Provided by SYSCO

2.1 Account Executive - An account executive and/or a customer service representative will be assigned to service Customer's account. The account executive and/or customer service representative will maintain contact with Customer Locations, on a mutually agreed basis, to review service requirements.

2.2 Item List - SYSCO, with assistance from Customer, will prepare order guides to be used by the Customer when placing orders.

3. Delivery Service Provided by SYSCO

Each Operating Company will establish a delivery schedule for each Customer Location within its market area taking into consideration Customer needs and preferences and will use reasonable, good faith efforts to make on-time deliveries.

4. Information Services Provided By SYSCO

4.1 Usage Reports - SYSCO can provide Customer usage data selected from SYSCO's standard report or flat file options. Standard data is made available either on hard copy or electronically. The electronic options include EDI ANSI X.12, FTP Server, bulletin board, tape or diskette. Should it become necessary to develop customized reports in lieu of or in addition to the standard SYSCO reports, SYSCO will use reasonable efforts to provide such reports. Customer agrees to pay for any additional costs incurred by SYSCO for the development of any customized reports.

It is SYSCO's practice to link multiple Customer units to one (1) National Identification Reference (National I.D) for reporting purposes. Individual units may only be linked to one National I.D. and information may be sent to only one (1) entity.

4.2 Direct Order Entry - If Customer desires electronic order entry, SYSCO will provide or an Internet order entry application utilizing a browser. This option will enable the Customer Locations to directly place orders electronically with the servicing Operating Company. Any participating Customer Locations must provide, at their own cost, compatible hardware, Internet and network connections in order to utilize the above software or browser application.

4.3 Third Party Providers – Upon the Customer's written request, SYSCO will provide to an agent representing a Customer for the purpose of information analysis, order placement or processing, or supplier rebate application (a "Third Party Provider") purchasing information that is normally made available to the Customer, subject to the below listed conditions: The information will only be made available in one of SYSCO's standard electronic formats or utilizing EDI ANSI X.12 standards. All information sent by SYSCO to an authorized Third Party Provider is for the sole use of the Customer. Selling, utilizing, or disclosing such information to anyone other than the Customer is prohibited. Prior to providing any such information to any such Third Party Provider, SYSCO requires a Confidentially Agreement be in place with both the Customer and the Third Party Provider. In the event SYSCO incurs additional costs as a result of Third Party Provider requirements, such costs will be charged to either the Customer or the Third Party Provider.

5. Pricing

5.1 Definition of Cost - The price to Customer for all Products sold under this Agreement (the "Sell Price") will be calculated on the basis of Cost. Except for contract pricing noted in 5.4, "Cost" is defined as the cost of the Product as shown on the invoice to the delivering Operating Company, plus applicable freight. The invoice used to determine Cost will be the invoice issued to the delivering Operating Company by the supplier or by the merchandising services department or affiliate of SYSCO Corporation. Cost is not reduced by cash discounts for prompt payment available to SYSCO or the Operating Companies.

Applicable freight, in those cases where the invoice cost to the delivering Operating Company is not a delivered cost, means a reasonable freight charge to transport a Product from the Supplier (as defined below) to the Operating Company. Freight charges may include common or contract carrier charges imposed by the Product Supplier or a carrier, or charges billed by Alfmark, SYSCO's freight management service. Applicable freight for any Product will not exceed the rate charged by nationally recognized carriers operating between the same points, for the same quantity of product, and the same type of freight service.

5.2 Merchandising Services - SYSCO and its affiliates performs value-added services for suppliers of SYSCO® brand and other products over and above procurement activities typically provided. These value-added services include regional and national marketing, freight management, consolidated warehousing, distribution, quality assurance and performance-based product marketing. SYSCO and its affiliates may recover the costs of providing these services and may also be compensated for these services and considers this compensation to be earned income. Receipt of such cost recovery or earned income does not reduce Cost and does not diminish SYSCO's commitment to provide competitive prices to its customers.

5.3 Sell Price

(a) Calculation of Sell Price - The Sell Price of each Product sold under this Agreement will equal the Cost of such Product divided by 100% minus the percentage margin on sell specified in Schedule 2 for such Product category, less allowances reflected on invoices to the delivering Operating Company which will be passed along as a reduction in the Sell Price.

For Example, a Product with a Cost of $25.00 per case, a margin on sell of 10% and a allowance on the face of the invoice of $.50 per case will have a Sell Price calculated as follows:

Calculate base price from margin	$\frac{\$25.00}{(100\%-10\%)}$	=	$\frac{\$25.00}{90\%}$	=	$27.78
Less allowance shown the invoice					(.50)
	Sell Price				$27.28

(b) Duration of Sell Price - Costs for all Products are recalculated with the following frequencies:

1) Time of sale pricing – price sensitive products with volatile fluctuations in pricing (e.g. produce and fresh seafood); priced at time of invoicing to the Customer;

2) Weekly pricing – commodity products which reflect declines and advances in Cost on a regular basis, as determined by SYSCO (e.g. most protein products) - will be in effect for seven consecutive days;

3) Monthly pricing fairly stable pricing for extended periods (e.g. most canned products) – will be in effect to coincide with Red Robin’s fiscal monthly calendar.

Variances can occur to the Customer’s invoiced price due to starting and ending dates of Supplier Agreements, as detailed in Section 5 hereof (and the timing of when “Cost” is determined).

(c) Time of Sell Price Calculation - The following schedule will be used to determine when the sell price is calculated:

1) Time of Sale Pricing – day of invoicing;

2) Weekly Pricing – Thursday p.m. of the prior week;

3) Monthly Pricing – 7 days prior to the start of Red Robin’s fiscal monthly calendar.

(d) Effective Date of Sell Price – Weekly pricing will be for 7 consecutive days to be determined by the Operating Company. Monthly pricing will coincide with Red Robin's monthly fiscal calendar.

(c) Special Assessment Pass-Through – If, pursuant to local or state law, SYSCO is obligated to pay to applicable taxing authorities sales or use taxes, or any business opportunity taxes, levies, or assessments with respect to its sales of Products to Customer (collectively "Special Assessments"), SYSCO shall, to the extent legally permissible, be entitled to recoup from the Customer the amount of such Special Assessments, either through an increase in the margin on sell (or, if applicable, fee per case) or through a line item surcharge.

5.4 Customer Contract Pricing – In the event the Customer negotiates contract pricing directly with a Supplier, such contract cost with such Supplier will be used to calculate the Customer's Sell Price, regardless of SYSCO's Cost.

5.5 Substitutions - Should a substitution be necessary, the delivering Operating Company will ship a comparable product at a Sell Price calculated using the same methodology and margin percentage as on the original Product ordered.

5.6 Adjustment in Margins for Unanticipated Problems – If the operating costs of SYSCO or any particular Operating Company are increased as a direct result of a significant regional or national economic problem, excluding fuel cost increases, SYSCO may, with advanced written notice to the Customer, add a surcharge to the Customer's invoice to compensate for such increased costs.

6. Supplier Agreements

6.1 Administration and Handling. Customer will provide SYSCO with written evidence of the existence of any contractual agreements it has with any Supplier for the purchase of Products ("Supplier Agreements"), utilizing the SYSCO Supplier Detail Form (Schedule 3). Supplier Agreements include agreements for which the Supplier and Customer have agreed on off-invoice allowances for Customer ("Supplier Off-Invoice Allowances") or the guaranteed cost Supplier will charge distributor for Product to be resold to Customer ("Supplier Guaranteed Distributor Cost"), both FOB Plant or Delivered to Operating Company. SYSCO will use the Supplier Guaranteed Distributor Cost (of which it has been notified appropriately) as the Cost of such Product when calculating its Sell Price, notwithstanding that the Cost of such Product to SYSCO otherwise varies. SYSCO will provide for a Supplier Off-Invoice Allowance for a Product by deducting such allowance value after the Sell Price of such Product is calculated in accordance with Section 5.3.

6.2 Equivalent SYSCO Branded Product. In the event Supplier is an authorized supplier of SYSCO branded Product which is the equivalent of any Products covered by a Supplier Agreement (the "Equivalent SYSCO Product"), SYSCO may provide such Equivalent

SYSCO Product to Customer under the terms of such Supplier Agreement provided that (i) Customer has approved SYSCO branded Product for purchase, (ii) Supplier agrees that such Supplier Agreement terms can be applied to the equivalent SYSCO branded Product; and (iii) such equivalent SYSCO branded Product is stocked by an Operating Company servicing any Customer Location, All information on SYSCO Branded products must include Manufacturer Product Code number and SUPC number.

6.3 Administrative Maintenance of Supplier Agreements. Customer agrees that SYSCO is not responsible for inaccuracies, errors or omissions made by Supplier in connection with the billing of the pricing and allowances under the Supplier Agreements and that Customer's sole and exclusive remedy for any such inaccuracies, errors or omissions shall be directly with Supplier. (For example: If the terms and provisions of a New Supplier Agreement are received by January 20th with direction to be effective as of February 1st, the effective dates of such pricing allowances will be March 1st and Customer will look only to Supplier to resolve any issues with respect to such pricing and/or allowances not being effective as of February 1st.)

6.4 Effectiveness of Additional Supplier Agreements. For any Supplier Agreements which are either (i) not listed on Schedule 3 or (ii) the terms of which change from what is listed on Schedule 3 ("New Supplier Agreements"), SYSCO must be notified in writing no later than the tenth (10th) day of any month for the pricing or allowances programs or modification to existing programs to be effective as of the first day of the following month. (Fur example: Written notification of a New Supplier Agreement received on January 20th will not become effective until March 1st.) Furthermore, in the event any documentation regarding the specifics of any New Supplier Agreement is incomplete, while SYSCO will make every reasonable effort to secure such necessary documentation to implement the terms and provisions of such New Supplier Agreement, if such additional documentation is not received by the tenth of any month, the effectiveness of the pricing and allowance terms thereof shall be delayed until the first day of the second month following receipt of such documentation.

6.5 Specifically Inventoried Proprietary Product – Effectiveness of Pricing Changes. For Proprietary Products which are specifically inventoried for Customer pursuant to the terms of a Supplier Agreement, Customer agrees that any changes in the Supplier Guaranteed Distributor Cost will not be effective until such time as SYSCO revalues its inventory of such Proprietary Product in accordance with its normal and customary inventory valuation procedures, unless Supplier allows SYSCO to bill back Supplier for such pricing and allowance modifications on its existing inventory at the time of such changes, in which event the pricing to Customer shall change upon the effective date of the New Supplier Agreement.

7. Price Verification

Customer will be allowed one (1) annual price verification at each delivering Operating Company for purchases made under this Agreement. The price verification will consist of reviewing computer reports documenting SYSCO's calculation of the Customer's invoice price and verification of the participating SYSCO Operating Company's delivered Cost. If requested, applicable Supplier invoices and accompanying freight invoices will also be made available. Price verification adjustments, if applicable, will be made utilizing the net of undercharges and overcharges to the Customer. The price verification process is subject to the following:

a. Customer must request a price verification in writing at least twenty (20) business days prior to the suggested date of the price verification. This request must identify the thirty (30) items to be price verified and the period covered;

b. The date and time of price verification must be to the mutual agreement of both parties;

c. The price verification will be made at the delivering Operating Company's location,

d. Support for the price verification may not be removed from the delivering Operating Company location;

e. The period for which pricing is to be verified will not begin more than three (3) months prior to the date of the price verification, and will cover only one pricing period.

Due to the extensive time and complexity associated with price verification, SYSCO will not permit computer generated price matching or electronic audits by or on behalf of Customers or any Third Party Provider to be used in lieu of the above price verification procedure.

8. Proprietary and Special Order Products

8.1 Definition of Special Order Products– Special Order Products are defined as products not inventoried by the SYSCO Operating Company whereby the Customer requests the Operating Company to purchase said products on the Customer's behalf. Special order products are not brought into inventory as stocked products.

8.2 Definition of Proprietary Products– Proprietary Products are defined as products bearing the customers name or logo or products with a unique formulation which are restricted for sale to one Customer, or national branded products that would otherwise not be inventoried except for the requirements of the Customer. Products that are produced for SYSCO under the Sysco Brand will be considered Proprietary Products when the Customer designates the product must be procured from a specific supplier.

Due to the highly perishable nature of fresh produce, SYSCO will not honor proprietary status on any fresh produce item.

8.3 Stocking of Proprietary Products – Sysco operating companies will stock product deemed necessary by the Customer to conduct their business successfully. However, Customer completely understands that sufficient movement is required to stock proprietary items. Customer also agrees to take responsibility for depleting excess proprietary inventory as well as any proprietary items with no movement in a timely basis.

Sysco operating companies will stock 21 days of inventory on all proprietary items.

8.4 Proprietary Product and Special Order Products Requirements– Proprietary Products and Special Order Products for the Customer must meet the following requirements:

a) Suppliers of Proprietary Products and Special Order Products must provide SYSCO with a satisfactory indemnity agreement and sufficient insurance coverage;

b) Proprietary Products and Special Order Products must have a valid UPC number assigned and a scanable UPC bar code on each sellable unit;

c) SYSCO utilizes several third party warehouses throughout the nation for the purpose of efficiently redistributing products (“Redistribution Warehouses”). Any Products placed into the Redistribution Warehouses must be inventoried on a consigned basis; by either the Supplier or the Customer.

8.5 Customer Responsibility for Proprietary Products and Special Order Products

a) *Hold Harmless* – In the event any supplier of Proprietary Products or Special Order Products does not provide the required indemnity, Customer will defend, indemnify and hold harmless SYSCO and its employees, officers and directors from all actions, claims and proceedings, and any judgments, damages and expenses resulting therefrom, brought by any person or entity for injury, illness and/or death or for damage to property in either case arising out of the delivery, sale, resale, use or consumption of any such Proprietary Product or Special Order Product, except to the extent such claims are caused by the negligence of SYSCO, its agents or employees.

b) *Minimal Movement Requirements* – In the event SYSCO, at the request of the Customer, inventories Proprietary Products or Special Order Products (including without limitation, Products featured by Customer for a limited time period) at either any Operating Companies or at any Redistribution Warehouse, and there is no Product movement within 30 days of delivery to such location, Customer agrees to cause such Products to be repurchased and if desired, take possession of all such Product within 14 days following written notification from

SYSCO, 7 days, for Perishable Products. Products repurchased will he at SYSCO's Cost plus a reasonable transfer and warehouse handling charge not to exceed 10% of the Products Cost. Payment terms for returned product will be the same as established in Section 9.1.

c) *Food Safety and Ground Beef* – Food safety is of paramount importance to SYSCO, Customer mid the ultimate consumer. To that end, SYSCO has developed a set of stringent standards for the production and packaging of ground beef (the "SYSCO Ground Beef Safety Standards"). In order to adequately protect SYSCO and Customer from potential food safety issues relating to the production and packaging of ground beef and the ultimate consumer, SYSCO shall not be obligated to utilize any Supplier of ground beef which does not meet the SYSCO Ground Beef Safety Standards, whether or not the ground beef supplied by such supplier has been designated by Customer as a Proprietary Product or Special Order Product.

d) Inventory Disposition – In the event of termination or expiration of this Agreement, Customer will purchase, or cause a third party to purchase, all remaining Proprietary Products and Special Order Products in SYSCO's inventory at SYSCO's Cost of such Proprietary Products or Special Order Products. In such an event, Customer will purchase or cause to he purchased all perishable Proprietary Products and Special Order Products within seven (7) days of the termination of this Agreement and all frozen and dry Proprietary Products and Special Order Products within fifteen (15) days of the termination of this Agreement, and Customer hereby guarantees payment for such Product purchased by a designated third party.

9. Credit

9.1 Net Terms - Payment is due within 28 days from the date of the invoice.

SYSCO reserves the right to modify payment terms for Customer or any company or entity which purchases Products under this Agreement as a franchisee or member of a group purchasing organization, in SYSCO's sole judgment, if any such entity's financial condition materially deteriorates or SYSCO becomes aware of circumstances that may materially and adversely impact such entity's ability to meet its financial obligations when due.

Franchisee Customers which are franchisees or members of group purchasing organizations will normally be offered the standard credit terms offered hereunder. However, at the sole discretion of the servicing SYSCO Operating Company and based on the credit worthiness of the individual Customer Location (or the entity which owns or operates such Customer Location), terms other than that stated in this Agreement may be applied.

9.2 Set Off – SYSCO's rights of set off and recoupment are recognized by Customer and preserved in all respects.

9.3 Service Charge; Collection Fees - If invoices arc not paid when due, a service charge will be assessed to Customer, up to the maximum amount permitted by law. Unpaid invoice balances and service charges due to SYSCO will be deducted from any credits due to Customer. Customer shall pay all costs and expenses (including reasonable attorney's fees) SYSCO incurs in enforcing its rights under this Agreement including, without limitation, its right to payment for Product sold to Customer.

9.4 Applications - Customer (and each Customer franchisee and member of Customer's group purchasing organization) will complete, execute and be approved by SYSCO a new account form before this Agreement becomes binding upon SYSCO.

9.5 Financial Information - The continuing creditworthiness of Customer is of central importance to SYSCO. In order to enable SYSCO to monitor Customer's financial condition and if requested by SYSCO, Customer will supply quarterly and annual financial statements to SYSCO consisting of an income statement, balance sheet and statement of cash flow. SYSCO may request such further financial information from Customer from time to time, sufficient, in SYSCO's judgment, to enable SYSCO to accurately assess Customer's financial condition.

9.6 Delivery Stoppage - In the event Customer, or any company or entity which purchases Products under this Agreement as a Customer franchisee or a member of Customer's group purchasing organization, fails to make payment when due, SYSCO or any participating Operating Company to which such payment is due may immediately cease shipment of any Products to Customer or other participating entity until the outstanding receivable balance is fully within terms.

9.7 Indemnification Against Franchisee/GPO Member Exclusion - If Customer is a franchisor and/or group purchasing organization ("GPO") and permits distribution under this Agreement to franchisees and/or GPO Members of Customer, and if for any reason Customer (i) directs SYSCO to cease distribution or sales of proprietary items bearing trademarks or trade dress owned by Customer to one or more of such franchisees or GPO members, or (ii) prohibits such terminated franchisees or GPO Member from participating in the purchasing program detailed hereunder, Customer will defend, indemnify and hold SYSCO harmless from and against any and all losses, damages or claims by any terminated franchisees or GPO members which may arise from SYSCO ceasing further sales and/or availability of the purchasing program hereunder to such franchisees or GPO members under this Agreement.

10. Term

The term of this Agreement will begin on July 1, 2004, and will end at 5:00 p.m. Houston time on June 30,2007.

11. Termination

This Agreement may be terminated prior to its ending date for the following:

(a) By either party for failure of the other party to comply with any material provision of this Agreement within sixty (60) days of such party's receipt of written notice describing said failure;

(b) By SYSCO immediately upon written notice to Customer if Customer's financial position deteriorates materially, determined by SYSCO in its sole judgment; or SYSCO becomes aware of any circumstances that, in SYSCO's sole judgment, materially impacts Customer's ability to meet its financial obligation when due;

(c) By SYSCO with respect to any Customer franchisee or a member of Customer's group purchasing organization, immediately upon written notice to such entity if its financial position deteriorates materially, determined by SYSCO in its sole judgment; or SYSCO becomes aware of any circumstances that, in SYSCO's sole judgment, materially impacts such entity's ability to meet its financial obligations when due;

(d) By SYSCO, if Customer (or any Customer franchisee or member of Customer's group purchasing organization) fails to meet its stated operational representations set out in Schedule 4. The margin schedule submitted is based on the Customer's operational representations concerning its service needs as stated in Schedule 2 including, but not limited to its anticipated purchase volumes, drop sizes, Product mix, location of Customer Locations, number of deliveries, information services/technology requirements, and number of Proprietary Products and Special Order Products as well as Customer's compliance with the payment and other obligations specified in this Agreement. If SYSCO determines at any time or times after ninety (90) days from the date of this Agreement that Customer (or any Customer franchisee or member of Customer's group purchasing organization) requires service which varies materially from the levels contemplated in Customer's representations made to SYSCO in negotiating this Agreement, SYSCO reserves the right to request an increase on the margin specified. SYSCO shall give written notice to Customer (or any Customer franchisee or member of Customer's group purchasing organization) of the proposed increase in the margin. If the parties are unable to agree on such an increase within 30 days after the date of the notice of such increase and Customer's (or any Customer franchisee or member of Customer's group purchasing organization) service requirements and/or contract compliance continues to vary from that contemplated or required by this Agreement, SYSCO may terminate this Agreement on thirty (30) days written notice to Customer (or any Customer franchisee or member of Customer's group purchasing organization).

Upon termination, Customer (or any Customer franchisee or member of Customer's group purchasing organization) agrees to fully comply with all of its obligations under this Agreement, including, without limitation to pay all invoices at the earlier of 1) the time they are due or 2) two weeks from the date of the last shipment to a Customer Location.

12. Arbitration and Waiver of Jury Trial Right

12.1 Arbitration - All actions, disputes, claims or controversy of any kind now existing or hereafter arising between the parties to this Agreement, including, but not limited to any action, dispute, claim or controversy arising out of this Agreement or the delivery by SYSCO of any Products to Customer (a "Dispute") shall be resolved by binding arbitration in Houston, in accordance with the Commercial Arbitration Rules of the American Arbitration Association and, to the maximum extent applicable, the Federal Arbitration Act. Arbitrations shall be conducted before one arbitrator mutually agreeable to Customer and SYSCO. If the parties cannot agree on an arbitrator within thirty (30) days after the request for an arbitration, then each party will select an arbitrator and the two arbitrators will select upon a third. judgment of any award rendered by an arbitrator may be entered in any court having jurisdiction. All fees of the arbitrator and other costs and expenses of the arbitration shall be paid by SYSCO and Customer equally unless otherwise awarded by the arbitrator; provided, however, that the non-prevailing party in an arbitration shall pay all reasonable attorneys' fees and expenses incurred by the prevailing party in connection with the Dispute and the arbitration.

12.2 Waiver of Jury Trial Right - Customer affirmatively waives its right to jury trial with respect to any disputes, claims or controversies of any kind whatsoever; Customer having submitted to arbitration any of such disputes, claims or controversies as set out above.

13. Perishable Agricultural Commodities

This Agreement may cover sales of "perishable agricultural commodities" as those terms arc defined by federal law. Generally, all fresh and frozen fruits and vegetables which have not been processed beyond cutting, combining, and/or steam blanching are considered perishable agricultural commodities as arc oil blanched french fried potato products. All perishable agricultural commodities sold under this Agreement are sold subject to the statutory trust authorized by Section 5(c) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499e(c)). The seller of these commodities retains a trust claim over these commodities and all inventories of food or other products derived from these commodities until full payment is received.

14. Miscellaneous

14.1 Assignment - Neither party may assign this Agreement without the prior written consent of the other party provided that SYSCO may utilize its Operating Companies to perform as indicated in this Agreement. Subject to this limitation, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of each of the parties.

14.2 Entire Agreement - The parties expressly acknowledge that this Agreement contains the entire agreement of the parties with respect to the relationship specified in this Agreement and supersedes any prior arrangements or understandings between the parties with respect to such relationship.

14.3 Amendments - This Agreement may only be amended by a written document signed by each of the parties.

14.4 Notices - Any written notice called for in this Agreement may be given by personal delivery, certified mail, overnight delivery service or confirmed facsimile transmission. Notices given by personal delivery will be effective on delivery; by overnight service on the next business day; by first class mail five business days after mailing; and by facsimile when an answer back confirming receipt by the recipient's facsimile machine is received. The address of each party is set forth below.

14.5 Donations - Due to the extreme competitiveness of this contract, SYSCO will be unable to offer donations in either free goods, cash, or use of SYSCO owned equipment.

Executed as of the date set forth at the beginning of this Agreement.

SYSCO CORPORATION

20701 E. Currier Road
Walnut, California 91789
Attention: Debbie Martin,
Regional V.P Multi-Unit Sales
Telephone: (909) 598-7883
Facsimile: (909) 594-0565

By: /s/ Debbie Martin
Debbie Martin
Regional Vice President, Multi Unit Sales

Its: May 5, 2004

Copy to:

SYSCO Corporation
1390 Enclave Parkway
Houston, Texas 77077-2099
Attention: Operations Review
Telephone: (281) 584-1390
Facsimile: (281) 584-1744

RED ROBIN GOURMET BURGERS

6312 South Fiddlers Green Circle
Suite 200N
Greenwood Village, CO 80111
Attention: Ray Masters
V.P. of Purchasing
Telephone: (303) 846-6029
Facsimile: (303) 846-6044

By: /s/ Ray Masters
Ray Masters
Vice President of Purchasing

Its: ____________________

MASTER DISTRIBUTION AGREEMENT

Schedule Index

SCHEDULE 1
TO
MASTER DISTRIBUTION AGREEMENT

Operating Companies and Participating Customer Locations
as of Contract Date

Red Robin Gourmet Burgers 2004 Listing

	Rest	Name	Address	City	ST	ZIP	Telephone	FAX	OWNER	NEW REST. OPENING	DATE
SYSCO Albany 25 One Liebich Lane Halfmoon, NY 12065 (618) 877-3200	174	Manchester	360 Buckland Hills Drive	Manchester	CT	06040			Round Robin	*	03/06/04
	318			Clifton Park	NY				Swan Concepts	*	05/03/04
	434	Middletown	Crystal Run Crossing	Middletown	NY				Deer Woods	*	06/07/04
	NA			Latham	NY				Swan Concepts	*	09/01/04
	NA			Enfield	CT				Round Robin	*	09/05/04
		Distributor to be determined									
SYSCO Albuquerque 66 601 Comanche Northest Albuquerque NM 87107 (505) 761-1200	222	Cottonwood Mall	10009 Coors Blvd	Albuquerque	NM	67114	505-899-2802	505-699-1647	Mach Robin		
	225	Century Rio	5531 Office Blvd NE	Albuquerque	NM	67114	505-345-9115	505-345-3603	Mach Robin		
SYSCO Arizona 49 611 South 80th Avenue Tolleson, AZ 85353 (623) 936-9920	067	Prescott	3055 Gateway Blvd	Prescott	AZ	66303	928-445-4677	928-445-7969	Company		
	080	Arrowhead	16233 N83rd Avenue	Peoria	AZ	85382	623-334-4500	623-334-1363	Company		
	084	Chandler Gateway	3420 Chandler Blvd	W Chandler	AZ	85226	480-814-7766	480-814-0035	Company		
	115	Pima/Shea	8970 East Shea Blvd	Scottsdale	AZ	85250	480-861-7114	480-861-7466	Company		
	358	Stapley Mkt. Pl	1636 South Stapley Drive	Mesa	AZ	85204	480-892-7526	480-892-0713	Company		
	301	Tucson	4500 N. Oracle Road	Tucson	AZ	85705	520-292-0588	520-888-8602	Tucson Robinhood, Inc.		
	303	Tempe	1975 W. Elliott	Tempe	AZ	85284	602-740-9900	502-940-9275	Tucson Robinhood, Inc.		
	309	Lake Havasu	70 Swanson Blvd	Lake Havasu City	AZ	86403	520-855-8555	520-855-5455	Arizona Food Line, Inc.		
	125	Gateway Pavillions	10240 W McDowell Road	Avendale	AZ	85323			Company	*	03/08/04
	122	Scottsdale 101	7000 E Mayo Blvd # 3	Phoenix	AZ	85054	480-513-4220	480-513-4227	Company	*	03/08/04
	417	Supers lit on Springs	6632 E Superstition Springs Blvd	Superstition Springs	AZ	85206			Company	*	07/12/04
SYSCO Baraboo 18 910 South Boulevard Baraboo, WI 53913-2793 (606) 356-8711	396	Moncha	6522 Monona Road	Monona	WI	53716	608-223-1390	608-233-1391	Dane County Robins		
	397	Appleton	N109 Stoneybrook	Appleton	WI	54915	920-733-8750	920-733-6950	Dane County Robins		
	630	Eagan	1230 Town Centre Dr	Eagan	MN	55122	651-365-8600	551-365-8700	Dane County Robins		
	631	Apple Valley	15560 Cedar Ave	Apple Valley	MN	55124	952-997-8250	952-431-3479	Dane County Robins		
	640	Plymouth	2669 Campus Drive	Plymouth	MN	55441	763-559-7576		Dane County Robins		
	398	Janesville	2430 Humes Road	Janesville	WI	53446			Dane County Robins	*	03/15/04
	NA			Shoreview	MN				Dane County Robins	*	08/23/04
	NA			Green Bay	WI				Dane County Robins	*	09/15/04
	NA	East Towne		Madison	WI				Dane County Robins	*	09/27/04
SYSCO Central CA & 136 Marlposa Road Modesto, CA 95354 (209) 527-7700	49	Creekside Tn Ctr	1208 Galleria, Suite # 170	Roseville	CA	95678	916-780-1798	916-780-1525	Company		
	70	Redding	1035 Dana Drive	Redding	CA	96093	530-222-5999	530-222-8161	Company		
	78	Yuba City	1200 Colusa Ave	Yuba City	CA	95991	530-751-1012	530-751-1121	Company		
	_2	Folsum	1011 Riley Street	Folsum	CA	95630	916-983-1773	916-983-1373	Company		
	90	Citrus Heights	7990 Greenback Lane, Unit J	Citrus Heights	CA	95610	916-726-7792	916-726-7770	Company		
	354	Solana Mall	1350 Travis Blvd, Suite 1532-A	Fairfield	CA	94533	707-429-_003	707-429-4525	Company		
	191	New Park Mall	1031 New Park Mall	Newark	CA	94580	510-791-2844	510-791-3388	Company		
	192	Sun Valley Mall	404-A Sun Valley Mall	Concord	CA	94520	510-571-9315	510-571-0769	Company		
	193	San Bruno	1274 El Camino Real	San Bruno	CA	94066	415-588-4500	415-588-4984	Company		
	194	Eastridge	398 Eastridge Mall A-10	San Jose	CA	95122	406-223-1000	408-223-1013	Company		
	195	Pleasanton	4503 Rosewood Drive	Pleasanton	CA	94588	925-225-1755	925-224-8033	Company		
	196	San Mateo	2204 Bridgepointe Pkwy	San Mateo	CA	94402	650-571-5500	650-570-2854	Company		
	102	Santa Clara	3906 Rivermark Plaza	Santa Clara	CA	95054	406-855-0630		Company		
	237	Coalinga	Interstate 5 & 198	Coalinga	CA	93210	209-935-2096	209-935-5156	Top Robin Ventures, Inc.		
	239	Clovis	950 Shaw Ave	Clovis	CA	93612	559-299-4500	559-299-3467	Top Robin Ventures, Inc.		
	240	Manchester Center	1901 E. Shields # 110	Fresno	CA	92736	209-222-4500	208-222-4633	Top Robin Ventures, Inc.		
	244	Bakersfield	2701 Ming Ave #Q15	Bakersfield	CA	93304	805-398-9794	805-398-3136	Top Robin Ventures, Inc.		
	245	Visalia	2015 S. Mooney Blvd #505	Visalia	CA	93277	209-740-4060	209-740-4067	Top Robin Ventures, Inc.		
	401	Reno	4000 Kietzke Lane	Reno	NV	89502	702-825-7246	702-825-6827	Mach Robin		
	249	Universal Park	7675 Norris Blackstone Ave	Fresno	CA	93720	559-436-4200		Top Robin Ventures, Inc.		
	396	Turlock	2901 Monte Vista Drive	Turlock	CA	95380			Company	*	06/21/04

Red Robin Gourmet Burgers 2004 Listing

	Rest	Name	Address	City	ST	ZIP	Telephone	FAX	OWNER	NEW REST. OPENING	DATE
SYSCO Charlotte 84 4500 Corporate Drive N.W.	124	Wilmington	906 International Drive	Wilmington	NC	28405	910-256-2677	910-256-0331	Company	*	03/22/04
Concord, NC 28027 (704) 786-4500	306	Alexander Place	7860 Alexander Promenade	Raleigh	NC	27617			Company	*	08/02/04
SYSCO Chicago 24 250 Weiboldt Drive	224	Woodfield Mall	120 K Woodfield Mall	Schaumburg	IL	60173	847-517-4478	847-517-4481	Mach Robin LLC		
Des Plaines, IL 80016-3192	226	Cantera	28260 Diehl Road	Warrenville	IL	60556	630-636-6870	630-836-8871	Mach Robin LLC		
(847) 699-5400	228	Wheaton	51 Town Square	Wheaton	IL	60187	630-784-9055	630-784-)057	Mach Robin LLC		
	344	Linconshire	296 Parkway Drive	Linconshire	IL	60069	847-520-4747	847-520-9797	Mach Robin LLC		
	218	Algonquin	441 S Randall Road	Algonquin	IL	60102	847-458-6655	847-458-6570	Mach Robin LLC		
	648	Schereville	1420 Suazeo Drive	Schereville	IN	46373			Red's Nest, Inc.	*	02/23/04
SYSCO Cleveland 15 22801 Aurora Road	431	Easton Market	3977 Morse Crossing	Columbus	OH	43219	614-475-5200	614-475-6159	Company		
Bedford Heights, OH 44146 (216) 587-1275	104	North Olmstead	4949 Great Northern Blvd	North Olmstead	OH	44070	216-734-6070	206-734-6579	Company		
	604	Wilougby	36585 Euclid Avenue	Wilougby	OH	44094	440-502-9766	440-602-9763	Company		
	601	Canton	6522 Strip Avenue NW	Canton	OH	44720	330-305-1080	330-305-1781	Company		
	352	Glenbrook	4201 Cold Water Creek	Ft. Wayne	IN	46805	219-484-9883	219-373-2886	Company		
	97	Milford	45 Rivers Edge Dr	Milford	OH	45150	513-965-0500	513-965-0800	Company		
	98	Avon	35858 Detroit Road	Avon	OH	44011	440-937-0260	440-937-0263	Company		
	121	Westchester	9434 Civic Center Blvd	Westchester	OH	45069	513-759-6532	513-759-6920	Company		
	198	Beaver Creek	2671 Fairfield Commons	Beaver Creek	OH	45431	937-320-9800	937-320-1837	Company	*	03/15/04
	234	Rome	1865 Hillard Rome Road	Rome/Hillard	OH	43026			Company	*	07/05/04
	199	Chargrin Highlands	4009 Orange Place	Orange Village	OH	44022			Company	*	09/20/04
Nobel/SYSCO Denver 59	15	Broadmoor	2230 Southgate Rd	Colorado Springs	CO	80906	719-447-8810	719-447-8511	Company		
1101 West 48th Avenue Denver, CO 80221	20	Flatirons	1 West Flatirons Circle #504	Broomfield	CO	80021	303-464-0451	303-410-7073	Company		
(303) 458-4000	48	Crown Point	9130 Crown Crest Blvd	Parker	CO	80138	303-840-1200	303-840-7905	Company		
	203	Lakewood	3333 S Wadsworth #8	Lakewood	CO	80227	303-989-8448	303-960-8094	Company		
	204	Arvada	7460 W. 52nd Ave	Arvada	CO	80002	303-431-6330	303-431-6544	Company		
	205	Citadel	3680 Citadel Drive N.	Colorado Springs	CO	80919	719-597-2473	719-597-2773	Company		
	206	Arapahoe	8585 E. Arapahoe Road	Englewood	CO	80111	303-771-3350	303-771-2117	Company		
	207	Chapel Hills	1410 Jamboree Drive	Colorado Springs	CO	80919	719-597-2473	719-598-2156	Company		
	208	Havana	1491 South Havana	Aurora	CO	80012	303-671-7055	303-671-8331	Company		
	209	Fort Collins	701 E. Harmony Road	Fort Collins	CO	60252	970-223-0111	970-223-4755	Company		
	210	Bowles	7708 West Long Drive	Littleton	CO	80123	303-904-2055	303-904-2867	Company		
	211	Highlands	63 West Centennial Blvd	Highlands Ranch	CO	80126	303-470-7480	303-470-6863	Company		
	212	Park Meadows	8355 So. Park Meadows Dr.	Littleton	CO	80124	303-792-7373	303-792-7358	Company		
	218	Boulder	2590 Arapahoe Ave	Boulder	CO	80302	303-442-0320	303-442-2591	Company		
	62	Powers	3770 Bloomington Street	Colorado Springs	CO	80922	719-622-8157	719-622-8160	Company		
	118	Grand Junction	2530 Rimrock Avenue	Grand Junction	CO	81505	970-242-4101		Company		
	96	Castle Rock	46 E Allen Street	Castle Rock	CO	80108	303-686-7676	303-688-7688	Company		
	68	Longmont	2331 Clover Basin Drive	Longmont	CO	80501	720-652-9229	720-652-9286	Company	*	03/08/04
	219	Greeley	4514 Centerplace Drive	Greeley	CO	80634			Company	*	04/05/04
SYSCO Idaho 40 5710 Pan Am Avenue Boise, ID 83705	202	Park Center	211 W. Parkcenter Blvd	Boise	ID	83705	208-344-7472	208-344-9687	Mach Robin		
(208) 345-9500	220	Westpark	267 N. Milwaukee	Boise	ID	83704	208-323-0023	208-323-1367	Mach Robin		
	221	Nampa	2222 Cassia Rd	Nampa	ID	83686	208-463-8300	208-463-0289	Mach Robin		
SVSCO Lankford 10 33238 Costen Road	23	Dulles	21045 Dulles Town Center	Sterling	VA	21066	703-421-0038	703-421-0508	Company		
Pocomoke, MD 21851-0477 (410) 957-1241	28	Annapolis	2001 Annapolis Mall #201	Annapolis	MD	21401	410-573-1155	410-473-0280	Company		
	29	Lake Forest	701 Russell Ave. F241	Gaithersburg	MD	20877	240-631-8777	240-631-8780	Company		
	75	Columbia Crossing	8640 Snowden River Pkwy	Columbia	MD	21045	410-312-0214	410-312-0217	Company		
	103	Fairlakes	13056 Fair Lakes Shop Ctr	Fairfax	VA	22033	703-502-0334	703-502-8934	Company		

Red Robin Gourmet Burgers 2004 Listing

	Rest	Name	Address	City	ST	ZIP	Telephone	FAX	OWNER	NEW REST. OPENING	DATE
Lankford Cont.	105	Oxford Valley	510 Middletown Blvd	Langhome	PA	19047	215-752-1000	215-752-1047	Company		
	116	Potomac Mills	14090 Worth Avenue	Woodbridge	VA	22192	703-492-6900	703-492-6116	Company		
	144	Owings Mills	4 Restaurant Park Drive	Owings Mills	MD	21117	443-394-0993	443-394-6710	Company		
	153	Glen Allen	10067 Brock Rd	Glen Allen	VA	23069	804-261-2222	804-261-2491	Company		
	156	Germantown	2001 Century Blvd	Germantown	MD	20874	301-528-0085	301-528-4096	Company		
	157	Charlottesville	1533 Rio Rd East	Charlottesville	VA	22901	804-365-9523	804-965-1574	Company		
	099	Short Pump	11784 W Broad Street	Richmond	VA	23233	804-364-6375		Company		
	370	Clifton	265 Route 3	Clifton	NJ	07012			UBA Enterprises		
	656	People Plaza	2495 Pulaksi Highway	Newark	DE	19702			Colby Enterprises		
	656	Hamilton Market Place		Trenton	NJ				Colby Enterprises	*	09/20/04
	NA	Randolph		Randolph	NJ				Colby Enterprises	*	19/09/04
	428	Chesapeake	Chesapeake Square Ring Road	Chesapeake	VA	23321			Company		07/19/04
	360	Chantilly	14450 Chantilly Crossing Land	Chantilly	VA	20151			Company	*	07/26/04
	393	Red Mills Commons		Red Mills Common	VA				Company	*	06/23/04
	120	Waldorf	11645 Berry Road	Waldorf	MD				Company	*	08/30/04
	NA			Towson	MD				Company	*	09/06/04
SYSCO Las Vegas 17	148	Sahara	2575 S Dacatur Blvd	Las Vegas	NV	89102	702-364-1858	702-367-1941	Company		
6201 E Centeonial Pkwy Las Vegas, NV 69115	152	Sunset Galleria	1300 W Sunset Rd #2545	Henderson	NV	89014	702-547-1777	702-547-2253	Company		
(_23) _3_-992_	094	Centaria Ann	7860 W Tropical Parkway	Las Vegas	NV	89149	702-556-0095	702-656-0601	Company		
SYSCO Los Angeles 45	21	Santa Ana	1307 W. Sunflower	Santa Ana	CA	92704	714-132-1111	714-732-0141	Company		
20701 E. Currier Road Walnut, CA 91789	24	Galleria	1815 Hawthome Blvd	Redondo Beach	CA	90278	310-542-2483	310-214-2987	Company		
(909) 595-9595	39	Cerritos	360 Cerritos	Los Cerritos	CA	90701	562-402-7333	562-402-7977	Company		
	45	Orange	1500 East Village Way Suite 219	Orange	CA	92865	714-974-9888	714-974-3719	Company		
	46	San Dimas	585 W. Arrow Highway	San Dimas	CA	91773	909-592-7009	909-592-1568	Company		
	47	Brea	1080 Brea Mall	Brea	CA	92621	714-529-6766	714-529-6574	Company		
	53	Tustin	3015 El Camino Real	Tustin	CA	92680	714-544-2060	714-544-3125	Company		
	56	La Habra	1631 W. Imperial Hwy	La Habra	CA	90633	582-694-1685	562-697-6029	Company		
	58	Stanton	12697 Beach Blvd	Stanton	CA	90680	714-373-8567	714-890-1767	Company		
	69	Irvine Spectrum	83 Fortune Drive #201	Invine	CA	92616	949-727-0113	949-727-0114	Company		
	71	Victorville	12409 Mariposa	Victorville	CA	92393	760-955-6555	760-955-6560	Company		
	89	Corona	419 McKinley Street	Corona	CA	92879	909-737-1130	909-737-7715	Company		
	146	Garden Grove	12007 Harbor Blvd	Corona	CA	91719	909-737-1130	909-737-7715	Company		
	160	West Covina	428 Plaza Drive	West Covins	CA	91790	626-814-3318	626-814-3369	Company		
	93	Chino	3903 Grand Ave	Chino	CA	91710	909-591-7909	909-591-0599	Company		
	63	Fashion Island	987 Newport Center Dr	Newport Beach	CA	92660	949-759-0227	949-759-0207	Company		
	420	La Mirada	14299 Firestone Blvd.	La Mirada	CA	90638	714-738-8500	714-523-9886	La Mirada Restaurant Group		
	NA	Rancho Cucamonga		Rancho Cucamonga	CA				Company	*	09/20/04
	NA			Brentwood	CA				Company	*	11/08/04
SYSCO Pegler 81	88	Grayhawk	14455 W. Maple Road	Omaha	NE	68116	402-493-6223	402-493-8253	Company		
1700 Center Park Road Lincoln, NE 68512	91	Western Springs	2627 S. 180th Street	Western Springs	NE	68130	402-330-0600	402-330-0601	Company		
(402) 423-1031	117	South Ridge	2707 Pine Lake Road	Lincoln	NE	68516	402-421-8600	402-421-8648	Company		
SYSCO OK 28 350 West Tecumeh Road	95	Riverside	9810 S. Delaware Avenue	Tulsa	OK	74137			Company		
Norman, OK 73089	123	Broken Arrow		Broken Arrow	OK	74012	918-254-4756	918-254-4767	Company		
(405) 717-2700	392	Fayetteville	695 West Van Asche Drive	Fayetteville	AR	72703			Company	*	06/21/04
	NA			Rogers	AR					*	09/06/04

Red Robin Gourmet Burgers 2004 Listing

	Rest	Name	Address	City	ST	ZIP	Telephone	FAX	OWNER	NEW REST. OPENING	DATE
SYSCO Portland 52 26250 SW Pkwy Center Drive Wilsonville OR 97070 (503) 682-8700	11	University	3272 Furhman Ave East	Seattle	WA	98102	206-323-0918	206-325-8208	Company		
	12	Northgate	56 Northgate Mall # 430	Seattle	WA	98125	206-365-0933	206-361-9513	Company		
	17	Alderwood	18410 33rd Ace	Lynnwood	WA	98036	425-771-6492	425-775-0368	Company		
	18	Redmond/Overlake	2390 148th Ave NE	Redmond	WA	98052	425-641-3810	425-643-3726	Company		
	25	Wehatche	1306 N Miller Avenue	Wenatche	WA	98801	509-662-0110	509-662-0626	Company		
	41	Beaverton	4105 SW 117th Ste F	Beaverton	OR	97005	503-841-3784	503-626-1899	Company		
	43	Clackamas	12530 SE 93rd St	Clackamas	OR	97015	503-659-1048	503-659-0994	Company		
	44	Everett	1305 SE Everett Mall Way	Everett	WA	98208	425-355-7330	425-355-5899	Company		
	51	Salem	3760 Center St NE	Salem	OR	97301	503-362-9666	503-581-5009	Company		
	55	Eugene	1221 Executive Parkway	Eugene	OR	97401	541-484-9518	541-484-9588	Company		
	72	Spokane	9904 N Newport Hwy	Spokane	WA	98216	509-457-3382	509-467-3426	Company		
	77	Tigard	10100 SW Washington Sq Rd	Tigard	OR	97223	503-624-3955	503-639-3135	Company		
	81	Hillsboro	2405 SE Tualatin Valley	Hillsboro	OR	97123	503-648-1515	503-_81-0349	Company		
	83	Bellevue	11021 NE 8th Street	Bellevue	WA	98004	425-453-9522	425-453-9820	Company		
	87	Tanasbourne	2660 NW 185th Ave	Hillsboro	OR	97124	503-690-9061	503-531-9551	Company		
	92	Lloyd Center	1139 NE Grand Avenue	Portland	OR	97232	503-231-9223	503-231-9254	Company		
	100	Pier 55	1101 Alaskan Way	Seattle	WA	98101	206-623-1942	206-457-7964	Company		
	108	Issaquah	1085 Lake Drive	Issaquah	WA	98027	425-313-0950	425-313-0970	Company		
	133	Woodinville	18029 Garden Way NE	Woodinville	WA	98072	425-488-6300	425-481-6022	Company		
	134	Redmond TC	7597 170th Ave NE	Redmond	WA	98052	425-895-1870	425-376-9665	Company		
	135	Spokane Valley	14736 E.Indiana Ave.	Spokane	WA	99220	509-921-1634	509-921-1695	Company		
	142	Wilsonville	8403 Main Street	Wilsonville	OR	97070	503-682-0175	503-682-3495	Company		
	145	Mall 205	9880 SE Washington Street	Portland	WA	97216	503-257-2900	503-257-2930	Company		
	147	Factoria	3909 Factoria Blvd SE	Bellevue	WA	98036	425-641-3989	425-841-3985	Company		
	151	Spokane	725 W Main	Spokane	WA	99201	509-838-5260	509-838-5125	Company		
	230	Yakima	2706 W. Nob Hill Road	Yakima	WA	98932	509-575-1575	509-575-0993	Company		
	231	Kennewick	1021 N Columbia Ctr Blvd	Kennewick	WA	99336	509-736-6008	509-736-6018	Company		
	351	Gresham	789 NW Division Street	Gresham	OR	97030	503-665-3423	503-565-8904	Company		
SYSCO San Antonio 13 5711 FM 78 San Antonio, TX 78244-1005 (210) 661-4581	114	Grapevine	1701 William D. Tale Ave	Grapevine	TX	76051	617-481-6335	817-251-1524	2RT, LC		
	502	Hurst	1350 N East Mall Blvd	Hurst	TX	76053	617-590-0696	817-590-0693	2RT, LC		
	504	Houston	7620 Katy Freeway #465	Houston	TX	77024	713-476-4096	713-956-8454	2RT, LC		
	302	Forum	8227 Agora Parkway	Selma	TX	78154	210-659-9229	210-659-5788	Centex		
	508	West Chase	10465 Richmond Avenue	Houston	TX	77042	713-564-5802		2RT, LC		
	632	Cedar Hill	225 N Hwy 67	Cedar Hill	TX	75104	494-272-3636		Mandes		
	642	Pharr	409 S Jackson Road	Pharr	TX	78577			Restaurant Robin	*	03/22/04
	363	Northwoods		San Antonia	TX				Centex	*	04/26/04
	NA	Sunset Valley		Austin	TX				Centex	*	06/15/04
	NA	N Garland		N Garland	TX				Mandes	*	07/19/04
	NA	McAllen		McAllen	TX				Mandes	*	09/20/04
SYSCO San Diego 36 12180 Kirkham Road Poway, CA 92064 (858) 513-7300	31	Encinitas	294 North El Camino Real	Encinitas	CA	92024	760-436-4488	760-436-5714	Company		
	33	Escondido	200 East Via Rancho Pky	Escondido	CA	92025	760-747-7112	760-747-0132	Company		
	34	San Diego	4573 La Jolla Village Drive G12	San Diego	CA	92122	858-202-1651	858-208-1652	Company		
	68	Del Mar	12865 El Camino Real	San Diego	CA	92130	519-793-0445	619-793-7779	Company		
	65	Moreno Valley	12625 Freederick #M	Moreno Valley	CA	92553	909-553-7975	909-653-6401	Company		
	158	Temecula	40820 Winchester Rd #1070	Temecula	CA	92591	909-296-1667	909-295-1669	Company		
	243	La Ouinta	78-722 Highway 11	La Ouinta	CA	92253	619-777-1111	619-564-1554	Top Robin Ventures, Inc.		
	NA	Monterey Marketplace		Rancho Mirage	CA				Top Robin Ventures, Inc.	*	06/14/04
SYSCO St. Louis 64 3850 Mueller Rd St. Charles MO 63301-8042 (636) 940-9230	615	Chesterfield Commons	7306 Chesterfield Airport Rd	Chesterfield	MO	63005	636-733-0065	635-535-9908	Company		
	61_	Fenton	130 Gravois Bluffs Circle	Fenton	MO	63026	636-305-9440	636-305-0054	Company		
	73	Mid Rivers	317 Mid Rivers Mall Drive	St. Peters	MO	63376	636-279-6622	636-279-6625	Company		
	29_	Des Peres	13001 Manchester Road	Des Peres	MO	63131			Company	*	10/04/04

Red Robin Gourmet Burgers 2004 Listing

	Rest	Name	Address	City	ST	ZIP	Telephone	FAX	OWNER	NEW REST. OPENING	DATE
SYSCO Ventura	235	Calabasas	24005 Calabasas Rd	Calabasas	CA	91302	818-223-8112	818-223-8511	Top Robin Ventures, Inc.		
3100 Sturgls Road	241	Palmdale	1233 West Ave,P. #30l	Palmdale	CA	93551	805-274-1773	850-274-2073	Top Robin Ventures, Inc.		
Oxnard, CA 93030	23_	Santa Barbara	3825 State Street	Santa Barbara	CA	93105	805-687-4000	805-682-4586	Top Robin Ventures, Inc.		
(877) 205-9800	247	Santa Maria	101 Town Center East	Santa Maria	CA	93454	805-614-6124	805-614-4726	Top Robin Ventures, Inc.		
	24_	Ventura	3301-1 East Main Street #1511	Ventura	CA	93003	805-842-1959	805-642-2975	Top Robin Ventures, Inc.		
	2__	Topanga	6600 Topanga Cyn #49H	Canoga Park	CA	91303	818-883-1030	818-883-0054	Top Robin Ventures, Inc.		
	242	Glendale	1187 Glendale Galleria	Glendale	CA	91210	818-551-0191	818-651-0195	Top Robin Ventures, Inc.		
	24_	Valencia	24204 Valencia Blvd #1351	Valencia	CA	91355	805-260-2411	805-260-2414	Top Robin Ventures, Inc.		
	NA	Santa Clarita	24201 W.Valencia Blvd.	Santa Clarita	CA	91355				*	

SCHEDULE 2
TO
MASTER DISTRIBUTION AGREEMENT

CUSTOMER MARGIN

	Product Category	*Margin Effective* 7/01/04 – 6/30/05	*Margin Effective* 7/01/05 – 6/30/07
1.	**Healthcare**	***	***
2.	***Dairy Products**	***	***
	Exception: Cheddar Cheese	***	***
	All other Cheeses	***	***
3.	**Meats**	***	***
	Exception: Hamburger	***	***
4.	**Seafood (fresh & frozen)**	***	***
5.	**Poultry (CVP & frozen)**	***	***
6.	**Frozen/Refrigerated Foods**	***	***
	Exception: Fries 30# Case	***	***
	36# Case	***	***
7.	**Canned & Dry**	***	***
	Exception: Coke/Pepsi Products	***	***
	Dr. Pepper/7-UP	***	***
8.	**Paper & Disposables**	***	***
9.	**Chemical/Janitorial (supplies & cleaning)**	***	***
	Exception: Ecolab	***	***
10.	**Supplies & Equipment**	***	***
11.	**Dispenser Beverage**	***	***
12.	**Produce**	***	***

* Exception – The states which are regulated by the State Dairy Commission. The items regulated by the state of California are: Fluid Milk (White and Chocolate), Manufacturing Cream, Whipping Cream, Buttermilk, Sour Cream and Cottage Cheese.

SCHEDULE 3
TO
MASTER DISTRIBUTION AGREEMENT

Customer Negotiated Supplier Agreements

Details and Parameters

The supplier's verification and authorization of details noted on the attached form, signed by both customer and supplier, will allow SYSCO to qualify and promptly implement negotiated programs between the customer and supplier. ***SYSCO will gladly accept a supplier written contract*** as authorization, asking only that ***the pertinent information detailed on the attached form is included***. Please utilize the form as needed to clarify details not specifically addressed in a written contract.

Please return the form along with a copy of the contract by the 10th of the month prior to the effective date of monthly pricing (or 20 days before the customer's non-standard calendar effective date). After review for completeness, agreement information will be made available to the operating companies. Contracts received by SYSCO after the cut-off date that lack pertinent information as requested on the Customer Negotiated Supplier Agreement Form, and/or that are without complete SUPC information **will not be implemented by SYSCO until one month later.** The supplier will have sole responsibility to the customer for any discounts due during the implementation period. **SYSCO operating companies will not perform retro processing procedures for agreements received after the cut off.**

This form can be e-mailed as a Word.doc for convenience in setting up and maintaining negotiated programs between the customer and supplier.

SYSCO CORPORATION
Customer Negotiated Supplier Agreement Form

Customer Name

Customer Contact

Supplier Name

Supplier Contact

Supplier Contact Phone

Supplier Contact Fax

Supplier Contact Email Address

Customer Eligibility Definition (Customer and Affiliates)

Pricing will be extended only to the customer denoted above unless denoted below.

Other affiliated customers to include... ____

Effective Dates (MUST use full calendar months, i.e. 1-31, or customer defined fiscal calendar)

Begin Date:

End Date:

Agreement Definition for Customer/Supplier Negotiated Program ***(please check one)***

Guaranteed: **FOB cost ______ or Delivered cost ______** to SYSCO, **or Allowance amount per case/lb ______**.

SYSCO Operating Company Inclusion

ALL servicing this customer (YES is required for National Pricing eligibility) **(YES** or **NO) ______**

Brand Eligibility Definition

Manufacturer Brand (**YES** or **NO**) ______

SYSCO Brand (**YES** or **NO**) ______

Must be verified by SYSCO with customer prior to implementation.

Item Inclusion and Data Definition

For guaranteed cost programs, please define only the net customer cost to the SYSCO operating companies. This will be the base cost on which the SYSCO contracted customer margin will be applied. (If your contract is FOB, this cost plus freight will be the base cost.)

- Please refrain from quoting a billback amount.
- Please refrain from quoting the SYSCO list or bracket price. **(Customer contract pricing should not be contingent on SYSCO operating company purchase patterns.)**
- Please refrain from calculating end-user invoice price. Margin, fee, and rounding errors may occur.

Cost Differential Bill Back Definition

Submit Bill Back to local broker. (**YES** or **NO**)______ (If NO, please complete the following)

Submit Bill Back to Supplier at ...

Supplier Name
Address
City, State, Zip
Attn:

Supplier Authorization by ____ Date ______________
Customer Authorization by ____ Date ______________

Item Inclusion List

Customer Name Supplier Name

Agreement Definition for Customer/Supplier Negotiated Program ***(please check one)***

Guaranteed: **FOB cost ______ or Delivered cost ______** to SYSCO, or **Allowance amount per case/lb ______**.

SUPC	Manufacturer's Product Code	UTC Code	Brand/Label	Pack / Size	Product Description	Customer/Supplier Negotiated Cost or Allowance Value to SYSCO before Margin

SCHEDULE 4
TO
MASTER DISTRIBUTION AGREEMENT

Customer Representations

This document was prepared and based on the following customer assumptions. SYSCO reserves the right to modify the agreement in the event these parameters are not achieved.

Annual Purchase Volume	$ 115 Million
Average Order Size	$ 4,400
Number of Deliveries per week	2.5
Average Sell Price per Piece	$ 24.50
Percentage of SYSCO Brand Purchases To Total Purchases	15%

1. Customer will purchase not less than eighty percent (80%) of Customer's purchase requirements for each category of Products.

2. Customer will pay all amounts due SYSCO within the payment terms set forth in Section 9.

SCHEDULE 5
TO
MASTER DISTRIBUTION AGREEMENT

Corporate Customer Allowance

Annual Meeting Allowance

An annual meeting allowance of $150.00 per Red Robin Restaurant per year will be paid to Red Robin's Corporate Office on an annual basis in February based on all Red Robin Restaurants that SYSCO is selling at 80% and that has been operational for more than 90 days.

Operating Company Customer Incentive

Prompt Payment Incentive

Each Operating Company will offer an incentive allowance based on early payment of each individual customer invoice as listed below:

Invoices paid within 21 days	.15%
Invoices paid within 14 days	.30%
Invoices paid within 9 days	.45%

This incentive will be calculated on all items with the exception of Ecolab, Pepsi, Coca Cola products and the items that are regulated by the State Dairy Commission as listed in Schedule 2. The monthly CPAS Report and the Early Pay Incentive checks will be sent to the Red Robin Corporate office for company units and to the franchise office for the franchise units.

SYSCO Employee

SYSCO will provide a full time employee at the Red Robin Corporate office in Denver to manage the Red Robin/SYSCO account.

Exhibit 31.1

CERTIFICATION

I, Michael J. Snyder, 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)) 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) 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; and

   (c) 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 13, 2004	/s/ Michael J. Snyder
(Date)	Michael J. Snyder
	Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, James P. McCloskey, 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)) 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) 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; and

   (c) 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):

   (c) 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

   (d) 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 13, 2004	/s/ James P. McCloskey
(Date)	James P. McCloskey
	Chief Financial Officer

Exhibit 32.1

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

The undersigned, Michael J. Snyder, Chief Executive Officer, and James P. McCloskey, Chief Financial Officer, of Red Robin Gourmet Burgers, Inc. (the "Company"), certify, pursuant to 18 U.S.C. Section 1350 that;

(i.) the quarterly report on Form 10-Q for the period ended July 11, 2004 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

(ii.) 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 13, 2004

/s/ Michael J. Snyder
Michael J. Snyder
Chief Executive Officer

/s/ James P. McCloskey
James P. McCloskey
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.