UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A
Amendment No. 1

(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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Introductory Note

This Form 10-Q/A is being filed solely for the purposes of making two revisions to Item 2., Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), included in our Form 10-Q for the period ended July 11, 2004 and originally filed on August 13, 2004. First, we are amending the first sentence of our discussion appearing at page 13 of the Form 10-Q relating to pre-opening costs for the second quarter 2004 (twelve weeks) compared to the second quarter 2003 (twelve weeks) to read in its entirety as follows: "Pre-opening costs increased $300,100, or 52.5%, to $871,200, from $571,100, 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." The sentence included in the Form 10-Q as originally filed incorrectly reported that: "Pre-opening costs increased $400,000, 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." However, the amount of pre-opening costs for each such quarter was correctly reported in our quarterly earnings release issued on August 12, 2004 and in the Condensed Consolidated Statements of Income included in our Quarterly Report on Form 10-Q for the second quarter 2004 as originally filed.

Second, we have corrected the information in the table under the caption "Liquidity and Capital Resources" to clarify that we experienced a net decrease of $3,564,000 in cash and cash equivalents for the twenty-eight weeks ended July 13, 2003. The existence and amount of the net decrease in cash and cash equivalents for the twenty-weeks ended July 13, 2003 were correctly reported in our quarterly earnings release issued on August 12, 2004 and in the Condensed Consolidated Statements of Cash Flows included in our Quarterly Report on Form 10-Q for the second quarter 2004 as originally filed. However, the figure contained in the table in the Form 10-Q for the second quarter 2004 failed to include parentheses around the total figure in the applicable column to reflect a net decrease.

Except as described above, we have not amended or modified the financial information or other disclosures contained in our Form 10-Q as originally filed or in our earnings release issued on August 12, 2004. This Form 10-Q/A does not reflect events occurring after the filing of the original Form 10-Q, or modify or update the disclosures therein in any way other than as required to reflect the amendments described above and set forth below.

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 $300,100, or 52.5%, to $871,200, from $571,100, 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 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.

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Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

Exhibit Number	Description
31.1	Rule 13a-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer

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 17, 2004 (Date)	/s/ James P. McCloskey
	James P. McCloskey Chief Financial Officer

Exhibit 31.1

CERTIFICATION

I, Michael J. Snyder, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A 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 17, 2004
(Date)

/s/ Michael J. Snyder

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/A 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 17, 2004 (Date)	/s/ James P. McCloskey
	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/A 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 17, 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.