

RED ROBIN GOURMET BURGERS, INC.

6312 South Fiddler's Green Circle, Suite 200N
Greenwood Village, CO 80111
(303) 846-6000

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS To Be Held on May 20, 2021

When: 8:00 a.m. MDT, on Thursday May 20, 2021

Where: Red Robin's Yummm U, located at 10000 East Geddes Avenue, Unit 500, Englewood, Colorado 80112 for the following purposes:

Items of Business:

- Proposal 1: To elect Anthony S. Ackil, Thomas G. Conforti, Cambria W. Dunaway, G.J. Hart, Kalen F. Holmes, Glenn B. Kaufman, Steven K. Lumpkin, Paul J.B. Murphy III, David A. Pace, Allison Page, and Anddria Varnado as directors of the Company for one-year terms;
- Proposal 2: To approve, on an advisory basis, the compensation of our named executive officers;
- Proposal 3: To approve an amendment to the Company's 2017 Performance Incentive Plan, as amended, to increase the number of authorized shares available for issuance;
- Proposal 4: To ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 26, 2021; and
- To transact such other business as may properly come before the meeting.

We intend to hold our annual meeting in person again this year. As always, we encourage you to vote your shares prior to the annual meeting.

Record Date: Stockholders as of March 23, 2021 are entitled to vote

Annual Report: We filed with the U.S. Securities and Exchange Commission (the "SEC") an annual report on Form 10-K on March 3, 2021 for the fiscal year ended December 27, 2020. A copy of the annual report on Form 10-K has been made available concurrently with this proxy statement to all of our stockholders entitled to notice of and to vote at the annual meeting. In addition, you may obtain a copy of the annual report on Form 10-K, without charge, by writing to Red Robin Gourmet Burgers, Inc., Attn: Stockholder Services, 6312 South Fiddler's Green Circle, Suite 200N, Greenwood Village, Colorado 80111.

Who Can Attend: All stockholders as of the record date, or their duly appointed proxies, may attend the meeting


Date of Mailing: This Notice of Annual Meeting of Stockholders and related proxy materials are being distributed or made available to stockholders beginning on or about April 9, 2021

YOUR VOTE IS IMPORTANT

Whether or not you plan to attend, it is important that your shares be voted at the meeting. Please refer to your proxy card or Notice Regarding the Availability of Proxy Materials for more information

on how to vote your shares at the meeting and return your voting instructions as promptly as possible.
Thank you for your continued support of Red Robin.

By Order of the Board of Directors,

A handwritten signature in black ink, appearing to read "Michael L. Kaplan". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Michael L. Kaplan
Secretary

Greenwood Village, Colorado

April 5, 2021

Neither the Securities and Exchange Commission nor any state securities regulatory agency has passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

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PROXY SUMMARY

MEETING AGENDA, VOTING MATTERS, AND BOARD VOTING RECOMMENDATIONS

	Proposal	Board's Voting Recommendation	Page Reference (for more detail)
1	Election of Directors	FOR All nominees	10
2	Advisory Vote to Approve Executive Compensation	FOR	70
3	Amendment to the Company's 2017 Performance Incentive Plan, as amended, to increase shares available for issuance	FOR	71
4	Ratification of Independent Auditor	FOR	79

ELECTION OF DIRECTORS

The following provides summary information about each director nominee. Our director nominees possess a range of diverse skills, backgrounds, experience, and viewpoints that we believe are integral to an effective board. Detailed information about each individual’s qualifications, experience, skills, and expertise can be found starting on page 10.

Director Nominee	Age	Director Since	Principal Occupation	Independent	Committee Assignments
Anthony S. Ackil	46	2020	Chief Executive Officer of Streetlight Ventures	✓	AC
Thomas G. Conforti	62	2019	Former Senior Advisor, Executive Vice President and Chief Financial Officer, Wyndham Worldwide	✓	*FC, AC
Cambria W. Dunaway	58	2014	Chief Marketing Officer, Duolingo	✓	*NGC, CC
G.J. Hart	63	2019	Chief Executive Officer, Torchy’s Tacos	✓	CC, FC
Kalen F. Holmes	54	2016	Former Executive Vice President (Human Resources), Starbucks	✓	*CC, NGC
Glenn B. Kaufman	53	2010	Managing Member, D Cubed Group investment firm	✓	FC, NGC
Steven K. Lumpkin	66	2016	Consultant, Former Executive Vice President, Chief Financial Officer and director, Applebee’s	✓	*AC, FC
Paul J.B. Murphy III	66	2019	President and Chief Executive Officer, Red Robin		
David A. Pace	62	2019	Co-Chief Executive Officer, Tastemaker Acquisition Corporation	✓	(C), CC
Allison Page	36	2020	Co-Founder and President, SevenRooms	✓	FC, NGC
Anddria Varnado	35	2021 ⁺	GM and Head of the Consumer Business, Kohler Company	✓	+

AC Audit Committee (C) Denotes Chair of the Board
 CC Compensation Committee * Denotes Chair of the Committee
 NGC Nominating and Governance Committee + Denotes New Director, Committees TBD
 FC Finance Committee

DIRECTOR STATISTICS

91% Independence	36% Gender Diversity	9% Racial/Ethnic Diversity	50% Board committees chaired by women	54.6 years Average Age	3.5 years Average Tenure
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BOARD LEADERSHIP SKILLS

Experience / Skills	David A. Pace (Chairman)	Paul J.B. Murphy III (CEO)	Anthony S. Ackil	Thomas G. Conforti	Cambria W. Dunaway	G. J. Hart	Kalen F. Holmes	Glenn B. Kaufman	Steven K. Lumpkin	Allison Page	Anddria Varnado
Public C-Suite Experience	✓	✓	<input type="checkbox"/>	✓	✓	✓	✓	<input type="checkbox"/>	✓	<input type="checkbox"/>	<input type="checkbox"/>
Restaurant / Hospitality Executive Leadership	✓	✓	✓	✓	<input type="checkbox"/>	✓	✓	✓	✓	✓	<input type="checkbox"/>
Accounting / Financial Expertise	✓	✓	✓	✓	<input type="checkbox"/>	✓	<input type="checkbox"/>	✓	✓	✓	<input type="checkbox"/>
Business Transformation	✓	✓	<input type="checkbox"/>	✓	<input type="checkbox"/>	✓	✓	✓	<input type="checkbox"/>	<input type="checkbox"/>	✓
Technology Strategy	✓	<input type="checkbox"/>	✓	✓	<input type="checkbox"/>	✓	<input type="checkbox"/>	<input type="checkbox"/>	✓	✓	<input type="checkbox"/>
Marketing / Consumer Insights	✓	✓	<input type="checkbox"/>	✓	✓	✓	<input type="checkbox"/>	✓	✓	✓	✓
M&A Experience	✓	<input type="checkbox"/>	<input type="checkbox"/>	✓	<input type="checkbox"/>	<input type="checkbox"/>	✓	✓	✓	✓	✓
Gender / Ethnic Diversity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	✓	<input type="checkbox"/>	✓	<input type="checkbox"/>	<input type="checkbox"/>	✓	✓
Governance	✓	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	✓	<input type="checkbox"/>	✓	✓	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

CORPORATE GOVERNANCE HIGHLIGHTS

- ✓ Declassified board of directors
- ✓ Independent chair of the board of directors
- ✓ All directors and director nominees are independent other than our CEO
- ✓ All committee members are independent
- ✓ Majority voting standard for uncontested director elections
- ✓ Plurality voting standard for contested director elections
- ✓ Board members have diverse backgrounds, expertise, and skills
- ✓ Robust board, committee, and director evaluation process completed annually instead of age or term limits
- ✓ Board of directors and each committee regularly meet in executive session without members of management
- ✓ Frequent engagement with institutional investors
- ✓ Added a finance committee in 2019 to provide guidance on long-range planning, budget and capital allocation, and stockholder engagement
- ✓ Annual review of our succession plan and talent development plan
- ✓ Directors receive regular governance updates to stay well-informed and evaluate governance trends
- ✓ Limits on outside board service for board members
- ✓ Formal policy prohibiting hedging and pledging of Company securities by executive officers and directors
- ✓ Directors regularly engage in in-boardroom and outside director education
- ✓ Increased focus on environmental stewardship

STOCKHOLDER INTERESTS AND RIGHTS

- ✓ Ability for stockholders to call special meeting
- ✓ Input from stockholder outreach incorporated in decision-making process
- ✓ Pay for performance focused executive compensation structure aligned with shareholders
- ✓ Prohibition of hedging and pledging of our common stock

STOCKHOLDER ENGAGEMENT

We believe that strong corporate governance includes engagement with our stockholders and considering their views. In the last 12 months, we held meetings and discussions with stockholders representing more than 55% of our outstanding shares. We greatly value the feedback received from our stockholders. This engagement provides valuable insight that informs the work of both management and the board.

RRGB Participants	Types of Engagement	Topics Covered
<ul style="list-style-type: none">• Independent Directors, including Board Chair• Executive Management	<ul style="list-style-type: none">• Stockholders (portfolio managers and corporate governance departments)• Investor conferences• Earnings conference calls• Proxy advisory firms• Prospective stockholders	<ul style="list-style-type: none">• Key value drivers and competitive differentiators• Capital structure and capital allocation priorities• Key strategic initiatives and opportunities• Financial performance and goals• Board composition: qualifications, diversity, skills, and leadership structure• ESG risks and opportunities• Human capital management• Risk management• Executive compensation• COVID-19 response

Engagement with our stockholders informed our actions in the topic areas covered above, particularly our changes to board composition, ESG strategy, human capital management disclosures, and executive compensation during 2020 and early 2021.

COMPANY HIGHLIGHTS

2020 began as a pivotal year of transformation for the Company and we entered the year with accelerating business momentum. Under a significantly refreshed board and a new CEO, Paul Murphy, the Company was making measurable progress on its turnaround plan. To that end, through the first eight weeks of fiscal 2020, the Company grew comparable restaurant revenue by 3.7%, driven in part by positive Guest count growth. Then, the COVID-19 crisis forced the Company to focus on adjusting to the impact of the pandemic.

With the onset of the pandemic in early 2020, the Company entered an unprecedented time for our business and industry. The pandemic brought forth complex challenges including severe limitations on dine-in capacity that materially reduced our traffic and sales and challenged our liquidity. In response, we reprioritized or suspended certain aspects of our strategic plan while accelerating others. With the health, safety, and well-being of Red Robin's Team Members, Guests, and communities as our top priority, we successfully shifted restaurants to an off-premise model and took action to preserve liquidity, enhance financial flexibility, and help mitigate the impact of COVID-19 on our business and to set ourselves up for the eventual recovery. Despite the challenges of the pandemic, we were able to significantly improve our operating and financial model. The material improvements we made to our business will enable us to resume our transformation in an even stronger position.

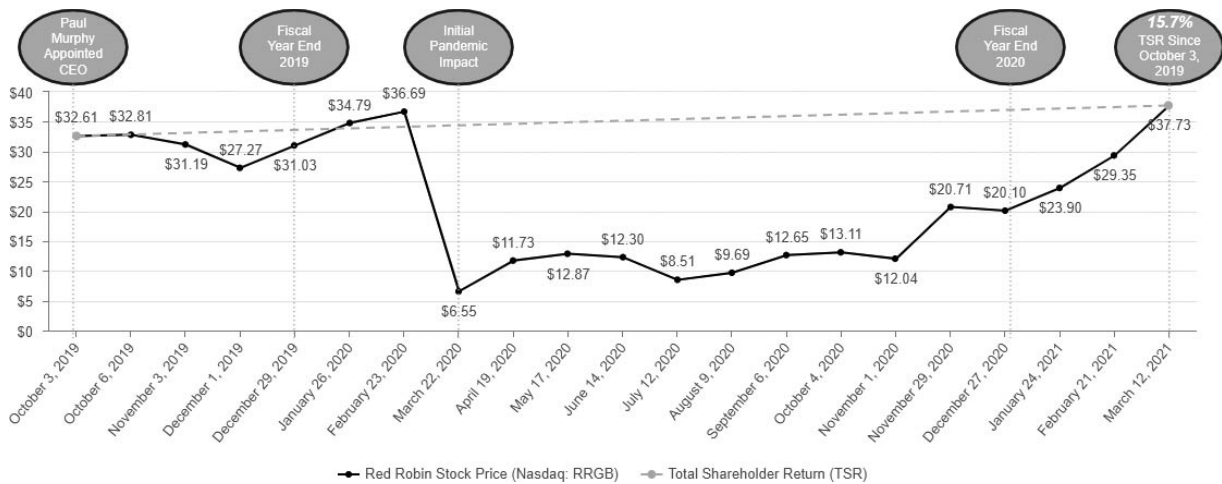
Through the pandemic, our CEO kept management focused on three priorities: (1) be a brand that survives the pandemic, (2) bring as many Team Members through the pandemic with the Company as possible, and (3) continue to make progress on the transformation strategy to position the Company well to thrive post-pandemic and beyond. These priorities also guided 2020 compensation actions, which included a temporary 20% reduction to executive officer and board member cash compensation and a shift to total shareholder return as the performance metric for our long-term incentive plan.

Despite the COVID-19 pandemic, we made significant progress on our transformation strategy during 2020 to solidify our financial longevity and develop a more robust business model, including the following accomplishments:

- ✓ Significantly grew off-premise sales, increasing 136.2%, comprising 41.1% of total food and beverage sales in 2020;
- ✓ Continued Donatos® roll-out, in 79 restaurants as of December 27, 2020;
- ✓ Structurally improved restaurant and enterprise level margin for the long-term compared to 2019;
 - Reduced our menu by over one-third, improving operational execution and resulting in over \$2 million in annual savings;
 - Implemented a new management labor structure which provides better supervisory coverage during peak hours, and increases flexibility resulting in approximately \$14 million in annual savings (excluding labor savings associated with closed restaurants);
 - Optimized our portfolio by completing lease negotiations for more than 75% of Company-owned restaurants resulting in 3% to 4% in occupancy expense savings over the remaining lease terms, as well as permanently closing select restaurants; and
 - Drove a permanent annual reduction in general and administrative expenses by more than 10%, or approximately \$10 million, prior to future growth drivers and other inflationary costs.

- ✓ Reduced costs are expected to result in permanent incremental enterprise-level margin improvement of more than 100 basis points, as the Company returns to pre-COVID sales volumes;
- ✓ Accelerated the implementation of our TGX hospitality model, which combines technology and improved service coverage to deliver an elevated and more attentive Guest experience. TGX improved speed of service (including decreased ticket and window times), increased cleanliness scores, and contributed to our highest ever product quality and overall Guest satisfaction scores; and
- ✓ Increased web traffic to drive a record number of Guests to our website, as well as increased social media engagement and the highest number of total followers.

Under CEO Paul Murphy’s leadership total shareholder return has increased by 15.7%. After growth in the first 8 weeks of 2020 as the Company implemented its turnaround plan, our share price decreased along with our peers during the pandemic. Our share price has shown significant improvement through the end of 2020 and early 2021 as the Company continued its transformation initiatives and positioned itself for strong recovery beyond the pandemic.



SUSTAINABILITY

Red Robin's strategy is closely tied to the communities in which it operates. Our ability to deliver long-term value for all of our stockholders is connected to the strength and long-term sustainability of each state and the overall economy and environment. This is why our board and management team are focused on collaborating with our communities to further a sustainable future.

Corporate Responsibility: Environmental, Social, and Governance (ESG)

We believe it is imperative that our ESG strategy is part of and aligned with our Company vision and overall strategy. With recent changes to our board and executive leadership teams and learnings from the ongoing pandemic, we are in the process of updating our long range strategic planning, including our ESG strategy. We have been engaging with our stakeholders to discuss the ESG topics most important to them. We are also evaluating meaningful metrics and targets for our ESG priority areas for this year and the future.

ESG is a board-level priority. The nominating and governance committee and the compensation committee oversee certain ESG related risks, but because ESG spans multiple committees, the full board retains overall ESG oversight responsibility. We believe full board oversight is important to ensure ESG is part of, and aligned with, our overall Company strategy.

Historically, our ESG practices have been focused on the following areas. See "Corporate Governance and Board Matters" for information related to our governance practices.

- **Our Team Members and Human Capital Management.** We strive to ensure our employees, whom we refer to as Team Members, are Better for Being Here through our core B.U.R.G.E.R values: Bottomless Fun, Unwavering Integrity, Relentless Focus on Improvement, Genuine Spirit of Service, Extraordinary People, and Recognized Burger Authority. Each of these values work to empower and develop our Team Members and has created a Company culture that we collectively take pride in every day. We reward and incentivize our Team Members with competitive pay, recognition and rewards, and benefit programs. We also provide our Team Members the opportunity to grow and develop, promote health and safety, and value diversity and engagement. 2020 highlights include:
 - *COVID-19 Response.* We have been a long-time leader in health and safety and implemented new practices during the COVID-19 pandemic consistent with that leadership position. In response to the COVID-19 pandemic, we provided our restaurant Team Members with personal protective equipment, COVID-19 testing coverage, a new enhanced emergency sick pay policy coverage, and partnered with businesses in other industries facing increased demand as a result of the pandemic to assist our Team Members with obtaining additional work hours while our restaurants were closed or at reduced capacity.
 - *Equity and Inclusion.* At Red Robin, we value diversity, equity, and inclusion. We have a successful Women's Excellence program, a company-wide resource group to support and inspire Team Members through development, networking, leadership, and other resources while fueling a culture of opportunity and inclusion, and we continue to partner with the Women's Foodservice Forum. During 2020, we began holding focus groups on the topics of social and racial inequity. These informal focus groups include Team Members from all levels of the Company led by a key leader trained as a moderator to facilitate a discussion about social and economic inequity and how we as a Company can work together towards building a more equitable and just society.

We recently launched an initiative with the assistance of a consultant to identify areas of opportunity and to support our focus and progress in creating an inclusive environment, including the development and execution of a comprehensive long-term diversity, equity, and inclusion strategy for Red Robin.

- Please see our annual report on Form 10-K filed with the SEC on March 3, 2021 for a full discussion of our approach to human capital management.
- **Environmental stewardship.** Red Robin has taken steps to reduce climate risk, including the following actions: (i) switched to energy-efficient LED lighting in all restaurants, (ii) piloted the use of solar panels in select restaurants, (iii) actively managed energy and water usage, and (iv) expanded our recycling and waste reduction efforts.
 - *Off-Premise Packaging Optimization.* We are currently working to optimize our off-premise packaging, which we expect will result in the removal of 2.5 million pounds of plastics from our system annually. The new environmentally friendly packaging is expected to begin being utilized in our restaurants in 2021, with the first step being the removal of approximately 200,000 pounds of Styrofoam packaging.
 - *Beverage Packaging Plastic Reduction.* We are transitioning to a new beverage provider in 2021 that we expect will reduce the number of plastic packaging bottles we use by over 200,000 bottles.
- **Supply chain integrity.** Red Robin believes in offering high quality ingredients and maintains high food quality and safety standards. Our high quality ingredients include:
 - All-natural, domestic, USDA-inspected 100%. Our Finest and Gourmet Burgers are made with all-natural, domestic, 100% USDA-inspected beef, free of preservatives, artificial and added ingredients.
 - Chicken with no hormones and no steroids. 100% of our chicken comes from family-owned farms, where they are fed a vegetarian diet and are raised cage free.
 - Pork that is 100% raised domestically with 33% raised in group housing of sows and away from the use of gestation crates.
 - We are committed to farm animal welfare and support suppliers with the highest industry standards for humane farming. Examples of our support of the humane treatment of farm animals in our supply chain include cage-free eggs (approximately 20% of our egg purchases), broiler chicken welfare, humanely raised pork, and we offer plant-based protein alternatives on our menu.
 - We require all of our suppliers to participate in third-party audits to ensure the humane treatment of animals in our supply chain.
- **Supplier initiatives.** Red Robin has high quality standards for our suppliers and our growers to help maintain the sustainability and integrity of our supply chain. We recognize and celebrate our suppliers for their sustainability progress. Highlights of these initiatives can be found at: <https://www.redrobin.com/pages/company/sustainability/supplier-initiatives/doing-their-part/>

We highlight our activities in these areas in the “Sustainability” section of our corporate website at www.redrobin.com/pages/company/sustainability. We look forward to providing more information regarding our ESG strategy on our corporate website.

EXECUTIVE COMPENSATION PRACTICES

- ✓ Pay for performance-focused executive compensation structure, with a significant portion of pay “at-risk”
- ✓ Independent compensation committee approves executive compensation structure and performance goals
- ✓ Independent compensation consultant advises the compensation committee
- ✓ Payouts under our annual and long-term incentive compensation plans are capped
- ✓ Long-term incentives feature multiple components; performance is measured over multi-year periods with value dependent on share price as compared to a group of key competitors
- ✓ Double trigger required for cash severance and equity vesting upon change in control (other than certain performance awards)
- ✓ Meaningful stock ownership guidelines for executives and board members
- ✓ Formal policy prohibiting hedging and pledging of Company securities by executive officers and directors
- ✓ Clawback policy for the return of certain cash and equity executive incentive compensation in the event of a financial restatement
- ✓ No excessive perks
- ✓ No incentivizing of short-term results to the detriment of long-term goals and results
- ✓ Compensation practices are appropriately structured to avoid incentivizing excessive risk taking
- ✓ No excise tax gross ups for change in control related situations
- ✓ No repricing of underwater options without stockholder approval

PROXY STATEMENT

The Board of Directors (“board” or “board of directors”) of Red Robin Gourmet Burgers, Inc. (“Red Robin” or the “Company”) is providing this proxy statement to stockholders in connection with the solicitation of proxies on its behalf to be voted at the annual meeting of stockholders. The meeting will be held on Thursday, May 20, 2021, beginning at 8:00 a.m. MDT, at Red Robin’s Yummm U, located at 10000 East Geddes Avenue, Unit 500, Englewood, Colorado 80112. The proxies may be voted at any time and date to which the annual meeting may be properly adjourned or postponed.

PROPOSAL 1: ELECTION OF DIRECTORS

HOW OUR DIRECTORS ARE SELECTED, QUALIFIED, AND ELECTED

Our board of directors is highly engaged and committed to effective governance as reflected in the following actions:

- frequent and detailed communications regarding the Company’s and board’s response to the challenges posed by the COVID-19 pandemic
- effective management of a recent CEO succession process—one of the most important and difficult tasks any board faces
- design and oversight of compensation plans that emphasize internal and external pay parity and that align our executives’ interests with stockholders
- creation and maintenance of good governance principles and practices that get high scores from leading governance third parties
- steady refreshment of their own membership—also a difficult practice for many boards
- addition of a finance committee in 2019 to provide guidance on long-range planning, budget and capital allocation, and extraordinary stockholder engagement, among other matters

Currently, 91% of our board is independent. Our board of directors consists of eleven directors, all of whom are independent except our CEO. Following the annual meeting, if all director nominees are elected, all of our directors will be independent, except our CEO. All of our directors are elected on an annual basis for a one-year term. One of our directors, Mr. Kaufman, will transition off the board effective as of December 31, 2021. He will continue on the board until year end in order to provide continuity given significant turnover on the board in the past two years. Following his departure, the board of directors intends to reduce its size to ten directors.

The directors elected at this annual meeting will serve in office until our 2022 annual meeting of stockholders or until their successors are duly elected and qualified, except for Mr. Kaufman, who will transition off the board effective as of December 31, 2021. Each of our nominees has consented to serve if elected and we expect each of them will be able to serve if elected. If any of our nominees should become unavailable to serve as a director, our board of directors can name a substitute nominee, and the persons named as proxies in the proxy card, or their nominees or substitutes, will vote your shares for such substitute nominee unless an instruction to the contrary is written on your proxy card.

The board recommends that you vote **FOR** all of the board’s nominees to serve as directors of the Company.

Selecting Nominees for Director

Our board has delegated to the nominating and governance committee the responsibility for reviewing and recommending nominees for director. The board determines which candidates to nominate or appoint, as appropriate, after considering the recommendation of the committee.

In evaluating a director candidate, the nominating and governance committee considers the candidate's independence; character; corporate governance skills and abilities; business experience; industry specific experience; training and education; commitment to performing the duties of a director; and other skills, abilities, or attributes that fill specific needs of the board or its committees. Our board is committed to diversity and the nominating and governance committee considers diversity in business experience, professional expertise, gender, and ethnic background, along with various other factors when evaluating director nominees. The nominating and governance committee will use the same criteria in evaluating candidates suggested by stockholders.

The nominating and governance committee is authorized under its charter to retain, at our expense, outside search firms and any other professional advisors it deems appropriate to assist in identifying or evaluating potential nominees for director.

Directors and Nominees

Below, you can find the principal occupation and other information about each of our director nominees standing for election at the annual meeting. Information related to each of our director nominee's key attributes, experience, and skills, as well as their recent public company board service is included with each director's biographical information. Our board is comprised of a highly diverse array of leaders with relevant experience and leadership in each of the key areas of greatest importance to our financial and more general sustainability. These attributes are core to our ability to be nimble and take advantage of opportunities as they arise. In 2021, all eleven of our current directors are standing for re-election. One of our directors, Mr. Glenn B. Kaufman has indicated that he will transition off the board and conclude his service effective December 31, 2021. Following his departure, the board of directors intends to reduce its size to ten directors.

Anthony S. Ackil, 46

Director Since: March 2020

Current Committees:

- Audit

Other Board Service:

B.GOOD (2004-present)

Project Bread (2018-present)

b.good Family Foundation (2014-present)

- Currently serves as CEO of Streetlight Ventures, a restaurant management platform that supports, manages, acquires, and invests in small to mid-sized restaurant brands, having founded the company in 2019.
 - From 2004 to 2018, served as CEO of B.GOOD, a healthy fast casual brand that grew to over 80 locations under his leadership.
 - Earlier in his career, he worked as a consultant for IBM, focusing on internet strategy and corporate structure, and as a consultant at PricewaterhouseCoopers.
 - Brings to the board of directors more than 15 years of executive experience in the restaurant industry, among other skills and qualifications.
 - Holds a B.A. in government from Harvard University.
 - Based on the foregoing, our board of directors has concluded Mr. Ackil should continue as a member of our board.
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<p>Thomas G. Conforti, 62 <i>Director Since:</i> August 2019</p> <p><i>Current Committees:</i></p> <ul style="list-style-type: none"> ■ Finance (Chair) ■ Audit <p><i>Other Board Service:</i> Vista Life Innovations (2020-present) American School for the Deaf (2020-present)</p>	<ul style="list-style-type: none"> • From 2017 to 2018, served as Senior Advisor to Wyndham Worldwide, where he advised on strategic transactions. • From 2009 to 2017, served as Executive Vice President and Chief Financial Officer for Wyndham Worldwide, during which time the company's TSR significantly outperformed the market and where Mr. Conforti had direct responsibility for finance, technology, real estate, and purchasing functions. • From 2002 to 2008, served as the Chief Financial Officer for IHOP/ Dinequity. • Earlier in his career, he held leadership positions at PepsiCo, Inc., KB Home, and The Walt Disney Company, among others. • Currently serves as a Senior Fellow at Harvard's Advanced Leadership Initiative. • Brings to the board of directors more than 30 years of experience in financial, strategic, and operational roles across multiple industries, including restaurant, retail, consumer, and hospitality, among other skills and qualifications. • Based on the foregoing, our board of directors has concluded Mr. Conforti should continue as a member of our board.
<p>Cambria W. Dunaway, 58 <i>Director Since:</i> June 2014</p> <p><i>Current Committees:</i></p> <ul style="list-style-type: none"> ■ Nominating and Governance (Chair) ■ Compensation <p><i>Other Public Company Board Service:</i> Planet Fitness Inc. (2017-present)</p> <p><i>Other Board Service:</i> Go Health (2017-present)</p> <p><i>Recent Past Public Company Board Service:</i> Nordstrom FSB (2014-2017) Marketo (2015-2016) Brunswick Corporation (2006-2014)</p>	<ul style="list-style-type: none"> • Since 2018, has served as Chief Marketing Officer for Duolingo, a language education platform. • Since 2017, has served as a Director of Planet Fitness, during which time the company's TSR has significantly outperformed the market. • Previously was a private consultant supporting organizations with strategic initiatives to accelerate growth and innovation, and coached leaders on how to achieve maximum results, impact, and enjoyment. • From 2010 to 2014, served as the U.S. President and Global Chief Marketing Officer of KidZania, an international location-based entertainment concept focused on children's role-playing activities. • From 2007 to 2010, served as Executive Vice President for Nintendo, with oversight of all sales and marketing activities for the company in the United States, Canada, and Latin America. • From 2003 to 2007, was Chief Marketing Officer for Yahoo! • Previously at Frito-Lay for 13 years in various leadership roles in sales and marketing, including serving as the company's Chief Customer Officer and as Vice President of Kids and Teens Marketing. • Holds a B.S. in business administration from the University of Richmond and an M.B.A. from Harvard Business School. • Brings to the board of directors more than 20 years of experience as a senior marketing and general management executive, launching and growing consumer businesses in entertainment, media, consumer electronics, and packaged goods, including experience in marketing strategy, communications, data analytics, loyalty, digital transformation, and governance including service as the Nominating and Governance Chair at Planet Fitness, Inc., among other skills and qualifications. • Based on the foregoing, our board of directors has concluded Ms. Dunaway should continue as a member of our board.

<p>G.J. Hart, 63</p> <p><i>Director Since:</i> August 2019</p> <p><i>Current Committees:</i></p> <ul style="list-style-type: none"> ■ Compensation ■ Finance <p><i>Other Board Service:</i> Make A Wish Foundation (2012-present) Portillo's (2014-present) James Madison University of Business (2005-Present) The Hart School (2006-present)</p> <p><i>Recent Past Public Company Board Service:</i> Texas Roadhouse (2004-2011)</p>	<ul style="list-style-type: none"> • Since 2018, has served as Chief Executive Officer for Torchy's Tacos, a privately-held fast-casual restaurant concept. • From 2011 to 2018, served as Executive Chairman and Chief Executive Officer of California Pizza Kitchen. • From 2000 to 2011, served as President of Texas Roadhouse Holdings, LLC, and as Chief Executive Officer and member of the board from 2004 to 2011, during which time the company's TSR outperformed the market and the company increased revenues from \$63 million to over \$1 billion. • Earlier in his career, held leadership positions at TriFoods International, New Zealand Lamb Company, and Shenandoah Valley Poultry, among others. • Brings to the board of directors more than 35 years of experience in the food and beverage industry driving growth and innovation, among other skills and qualifications. • Based on the foregoing, our board of directors has concluded Mr. Hart should continue as a member of our board.
<p>Kalen F. Holmes, 54</p> <p><i>Director Since:</i> August 2016</p> <p><i>Current Committees:</i></p> <ul style="list-style-type: none"> ■ Compensation (Chair) ■ Nominating and Governance <p><i>Other Public Company Board Service:</i> Zumiez Inc. (2014-present) 1Life Healthcare, Inc. (2017-present)</p> <p><i>Other Board Service:</i> Pacific Northwest Ballet, Advisory Board (2019-present)</p>	<ul style="list-style-type: none"> • Since 2017, has served as a Director of 1Life Healthcare, during which time the company has significantly grown its revenues, members, and launched its Initial Public Offering. • From 2009 until retirement in 2013, served as Executive Vice President of Partner Resources (Human Resources) at Starbucks Corporation. • From 2003 to 2009, held a variety of leadership roles with human resources responsibilities for Microsoft Corporation. • Previously held leadership roles in a variety of industries, including high-tech, energy, pharmaceuticals, and global consumer sales. • Holds a B.A. in Psychology from the University of Texas and a M.A. and Ph.D. in Industrial/Organization Psychology from the University of Houston. • Brings to the board of directors more than 20 years of experience as a senior human resources executive, experience with management of executive and compensation programs, and management across multiple industries including retail, technology, and consumer products, among other skills and qualifications. • Based on the foregoing, our board of directors has concluded Ms. Holmes should continue as a member of our board.
<p>Glenn B. Kaufman, 53</p> <p><i>Director Since:</i> August 2010</p> <p><i>Current Committees:</i></p> <ul style="list-style-type: none"> ■ Finance ■ Nominating and Governance <p><i>Other Board Service:</i> KEH Holdings, LLC (2012-present) Trading Company Holdings LLC (2014-present) KPS Global LLC (2015-Present)</p>	<ul style="list-style-type: none"> • Since 2011, has been a Managing Member of the D Cubed Group, a private-market investment firm. At D Cubed, in addition to leading the firm and its investment committee, chairs the boards of KEH Holdings, Trading Company Holdings, and KPS Global. • From 2009 to 2010, consulted for boards and senior executives of operating businesses and private investment firms. • Previously spent 11 years as a Managing Director at American Securities Capital Partners as a Managing Director; spearheaded the firm's investing in the restaurants, food service and franchising, and healthcare sectors. • Previously served as Chairman or a Director of Potbelly Sandwich Works, El Pollo Loco, Press Ganey Associates, Anthony International, and DRL Holdings (parent of multiple direct-to-consumer brands). • Spent four years as an attorney at Cravath, Swaine & Moore and worked in the small business consulting group of Pricewaterhouse. • Holds a B.S. in Economics from the Wharton School of Business of the University of Pennsylvania and a law degree from Harvard University. • Brings to the board of directors valuable strategic, finance, talent management, marketing, and executive leadership experience, as well as an extensive understanding of restaurant operations, analytical direct/omni-channel marketing, and franchising, among other skills and qualifications. • Has approximately 20 years of experience as an active, engaged, private market investor and extensive restaurant, food service, franchising, healthcare, and retail expertise, as well as legal and business consulting expertise. • Based on the foregoing, our board of directors has concluded Mr. Kaufman should continue as a member of our board.

<p>Steven K. Lumpkin, 66</p> <p><i>Director Since:</i> August 2016</p> <p><i>Current Committees:</i></p> <ul style="list-style-type: none"> ■ Audit (Chair) ■ Finance <p><i>Other Board Service:</i> Hodgdon Powder Company (2015-present) Trading Company Holdings, LLC (2015-present) Fiorella Jack's Stack Restaurant Group (2009-present)</p> <p><i>Recent Past Public Company Board Service:</i> Applebee's International, Inc. (2004-2007)</p>	<ul style="list-style-type: none"> • Currently serves as Principal of Rolling Hills Capital Partners, a consulting firm. • From 1995 until retirement in 2007, served in various executive positions at Applebee's International, Inc., including as Chief Financial Officer and Treasurer from 2002 to 2007, during which time the company's TSR outperformed the market, and Director from 2004 to 2007. • Previously served as Executive Vice President and Director at Kimberly Quality Care, Inc. • Holds a B.S. in Accounting from the University of Missouri-Columbia and is a CPA. • Brings to the board of directors more than 30 years of experience in the management consulting, health care, and restaurant industries, among other skills and qualifications. • Has extensive M&A and management experience for franchise operations and an accounting and finance background. • Based on the foregoing, our board of directors has concluded Mr. Lumpkin should continue as a member of our board.
<p>Paul J.B. Murphy III, 66</p> <p><i>Director Since:</i> October 2019</p> <p><i>Recent Past Public Company Board Service:</i> Noodles & Company (2017-2019) Del Taco Restaurants, Inc. (2014-2017)</p>	<ul style="list-style-type: none"> • Since October 2019, has served as our President, Chief Executive Officer, and Director. • From 2017 to 2019, served as Executive Chairman of Noodles & Company where he was responsible for 459 restaurants across 29 states and led a business turnaround that delivered 4 consecutive quarters of positive comparable restaurant sales growth on revenues of \$457 million. • From 2009 to 2017, served as CEO and a member of the board of directors of Del Taco Restaurants, Inc., where he was responsible for 543 company-operated and franchised restaurants with revenues of \$470 million and led a successful brand repositioning that resulted in 17 consecutive quarters of company-operated comparable restaurant sales growth and 11 consecutive quarters of system-wide comparable restaurant sales growth. • From 1996 to 2008, held various roles with Einstein Noah Restaurant Group, Inc.; joined as Senior Vice President, Operations and was promoted to Executive Vice President, Operations in 1998, and to Chief Operating Officer in 2002. In 2003, he was appointed President and CEO and a member of the board of directors. • Has significant experience in both operational and executive leadership in the restaurant industry, including leading companies through successful business transformations. • Brings to the board of directors over 20 years of experience in operational and executive leadership in the restaurant industry, including proven business transformation experience, among other skills and qualifications. • Based on the foregoing, our board of directors has concluded Mr. Murphy should continue as a member of our board.
<p>David A. Pace, 62</p> <p><i>Director Since:</i> August 2019 (Board Chair since November 2019)</p> <p><i>Current Committee:</i></p> <ul style="list-style-type: none"> ■ Compensation <p><i>Other Public Company Board Service:</i> Tastemaker Acquisition Corporation (2020-present)</p> <p><i>Other Board Service:</i> Dallas Stars Ownership Advisory Board (2017-present)</p> <p><i>Recent Past Public Company Board Service:</i> Jamba Juice (2012-2018)</p>	<ul style="list-style-type: none"> • Since October 2020, has served as Co-Chief Executive Officer of Tastemaker Acquisition Corporation, a special purpose acquisition company focusing on the restaurant, hospitality, and related technology and service sectors. • From 2012 to 2018, served as Director of Jamba Juice and as CEO from 2016 to 2018, during which the company delivered 8 consecutive quarters of comparable store sales growth that exceeded the industry benchmark, exited non-core and underperforming business units, and successfully merged with Focus Brands. • From 2014 to 2016, served as President of Carrabba's Italian Grill, and as Executive Vice President and Chief Resource Officer of Bloomin' Brands from 2010 to 2014. • Previously held executive positions with Starbucks Coffee Company, PepsiCo, Inc., and Yum! Brands, Inc. • Brings to the board of directors more than 30 years of leadership and turnaround experience in a range of industries including food and beverage retail, consumer products, entertainment, and ecommerce, among other skills and qualifications. • Based on the foregoing, our board of directors has concluded Mr. Pace should continue as a member of our board.

<p>Allison Page, 36</p> <p><i>Director Since:</i> February 2020</p> <p><i>Current Committee:</i></p> <ul style="list-style-type: none"> ■ Nominating and Governance ■ Finance <p><i>Other Board Service:</i> SevenRooms, Inc. (2011-present) Pillsbury Institute for Hospitality Entrepreneurship at Cornell University (2018-present)</p>	<ul style="list-style-type: none"> • Co-Founder and President of SevenRooms, a data-driven operations, marketing, and guest engagement platform that empowers hospitality operators to maximize revenue, build brand loyalty, and enable personalized experiences across the guest journey. • Since SevenRooms’ founding in 2011, has been responsible for driving product innovation; defining the company’s product roadmap, vision, and strategic positioning; growing the company to over 150 employees across 4 global offices; and scaling the platform to over 250 cities worldwide. • From 2009 to 2011, served as an Associate at Hodes Weill & Associates, and was a founding member of the independent real estate and advisory business. • Began career in investment banking at Credit Suisse. • Holds a B.S. in Finance and Real Estate from The Wharton School, University of Pennsylvania. • Brings to the board of directors more than 10 years of leadership experience as an entrepreneur in the hospitality industry and in launching, building, and commercializing high-growth technology platforms at scale across global restaurant, hotel, and entertainment brands, among other skills and qualifications. • Brings extensive knowledge in the areas of technology, guest experience, guest engagement, CRM, marketing, loyalty, data analytics, and consumer trends; was named one of <i>Hospitality Technology’s</i> 2019 “Top Women in Restaurant Technology.” • Based on the foregoing, our board of directors has concluded Ms. Page should continue as a member of our board.
<p>Andria Varnado, 35</p> <p><i>Director Since:</i> March 2021</p> <p><i>Committee Service to be determined</i></p> <p><i>Other Public Company Board Service:</i> Umpqua Holdings Corporation (2018-present)</p>	<ul style="list-style-type: none"> • Since December 2020, has served as GM and Head of the Consumer Business at Kohler Company, a global leader in home products, hospitality destinations, and systems where she is responsible for consumer channels and ecommerce sales. • From 2019 to 2020, served as Vice President and Head of Strategy and Business Development at Macy’s where she was responsible for the strategic evaluation of the future of the store and consumer. • From 2016 to 2019, served as Vice President and Head of Strategy and Business Development at Williams-Sonoma. • Prior roles include Management Consultant at ZS Associates and leadership roles at New York Life Insurance Company. • Began career as a corporate banking analyst at Citigroup. • Holds a B.A. in Business Administration from Clark Atlanta University and an M.B.A. from Harvard Business School. • Brings to the board of directors deep expertise in the areas of consumer insights and innovation, consumer engagement, and strategic planning and development, among other skills and qualifications. • Based on the foregoing, our board of directors has concluded Ms. Varnado should continue as a member of our board.

Vote Required

Proposal No. 1 requires the approval of a majority of the votes cast for each director. Abstentions and broker non-votes are not considered votes cast and therefore will have no effect on the outcome of the vote.

Board Recommendation

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” ALL OF THE DIRECTOR NOMINEES.

CORPORATE GOVERNANCE AND BOARD MATTERS

GOVERNANCE PRINCIPLES

The board of directors has created and oversees corporate governance guidelines which can be viewed on the Corporate Governance section of our website at www.redrobin.com/pages/company/investors.

Executive Development and Management Succession

Under the Company's corporate governance guidelines, the board maintains a policy and plan for the development and succession of the CEO and senior management that includes:

- criteria that reflect the Company's ongoing business strategies;
- identification and development of potential internal candidates;
- formal assessment processes to evaluate such potential internal candidates and their development; and
- an emergency succession component to address the unforeseen loss of the CEO or other key executives.

The nominating and governance committee:

- works closely with the board and management to ensure development and succession are anticipated, planned for, and addressed in a timely manner;
- works closely with our CEO and each of the other executive officers to conduct annual succession planning activities;
 - this process includes annual performance reviews, evaluations, and development plans of the CEO and executive officers, who also conduct evaluations and development of their direct reports; and
- at least annually, and when otherwise necessary, reviews, makes recommendations for, and reports to the board on programs that have been implemented by management for executive and leadership team development and succession planning.

Mr. Murphy regularly meets with the full board on his performance, and the CEO's annual performance evaluation is conducted under the oversight of the compensation committee. Our CEO conducts annual and interim performance and development evaluations of the other senior executives and reviews these evaluations with the compensation committee or full board.

Stockholder Communication with our Board

The board and management believe the Company's relationships with our stockholders and other stakeholders are an important part of our corporate governance responsibility and recognize the value of continuing communications. In the last 12 months, we held meetings and discussions with stockholders representing more than 55% of our outstanding shares.

This approach has resulted in our receiving important input and perspectives that have informed our decision making and resulted in action including the addition of new independent directors and enhanced human capital management and ESG disclosures. Throughout the year, we proactively engage with our stockholders directly, through individual meetings, attendance at investor conferences, issuance of press releases, and quarterly conference calls, as well as other stockholder communications. We discuss topics of importance to both our Company and stockholders, including value creation, strategy and

performance, board refreshment and leadership changes, capital structure and allocation, and governance matters.

The board values stockholder communication and provides many means for it to occur, including attending the annual meeting, voting, engaging, and writing, by sending a letter to the chair, the board of directors, or a committee addressed to: Board of Directors, 6312 South Fiddler’s Green Circle, Suite 200N, Greenwood Village, CO 80111, or by sending an e-mail to the board’s dedicated email address: Board@redrobin.com. Our finance committee and full board is involved in overseeing stockholder engagement.

With respect to issues arising under the Company’s Code of Ethics, you may also communicate directly with the chair of the audit committee, director of internal audit, or the compliance officer in the manner provided in the Code of Ethics and the Company’s Problem Resolution and Whistleblower Policy and Reporting Procedures. Both the Code of Ethics and the Problem Resolution and Whistleblower Policy and Reporting Procedures may be found on the Corporate Governance section of our website at: www.redrobin.com/pages/company/investors.

**Red Robin follows the Investor Stewardship Group’s (ISG)
Corporate Governance Framework for U.S. Listed Companies**

ISG Principle	Red Robin Practice
<p>Principle 1: Boards are accountable to stockholders</p>	<ul style="list-style-type: none"> • Declassified board structure with all directors standing for election annually • Majority voting in uncontested director elections, plurality voting in contested elections, and directors not receiving majority support must tender their resignation for consideration by the board
<p>Principle 2: Stockholders should be entitled to voting rights in proportion to their economic interest</p>	<ul style="list-style-type: none"> • No dual class structure; each stockholder gets one vote per share
<p>Principle 3: Boards should be responsive to stockholders and be proactive in order to understand their perspectives</p>	<ul style="list-style-type: none"> • Management and board members engaged directly with investors owning more than 55% of shares outstanding in the last 12 months • Engagement topics included value creation, Company strategy and performance, board refreshment and leadership changes, capital structure and allocation, executive compensation, ESG, and governance
<p>Principle 4: Boards should have a strong, independent leadership structure</p>	<ul style="list-style-type: none"> • Strong independent board chair • Board considers appropriateness of its leadership structure at least annually • Strong independent committee chairs • Proxy discloses why board believes current leadership structure is appropriate

ISG Principle	Red Robin Practice
<p>Principle 5: Boards should adopt structures and practices that enhance their effectiveness</p>	<ul style="list-style-type: none"> • Board members have diverse backgrounds, expertise, and skills • Currently, 91% of board members are independent • Robust board annual evaluation process and regular board education instead of arbitrary age or term limits • Active board refreshment plan; six new independent board members through refreshment in 2019-2021 • Directors attended over 88% of combined total board and applicable committee meetings in 2020 • Limits on outside board service for board members • Independent directors meet regularly in board and committee executive session without members of management present • Annual review of succession plan and talent development plan • Formal policy prohibiting hedging and pledging of Company securities by executive officers and directors
<p>Principle 6: Boards should develop management incentive structures that are aligned with the long-term strategy of the company</p>	<ul style="list-style-type: none"> • Executive compensation program received approximately 96.9% stockholder support in 2020 • Compensation committee annually reviews and approves incentive program design, goals, and objectives for alignment with compensation and business strategies • Annual and long-term incentive programs are designed to reward financial and operational performance that furthers short- and long-term strategic objectives

Board Leadership Structure

The board recognizes one of its key responsibilities is to evaluate and determine the optimal leadership structure to provide independent oversight of management. At this time, we believe it is appropriate for our board to maintain the separation of the roles of board chair and chief executive officer. David Pace currently serves as chair of the board because of his significant leadership experience, especially in the food and beverage retail industry.

The separation of the roles of board chair and chief executive officer allows our chief executive officer to focus on managing the Company's business and operations, and allows Mr. Pace to focus on board matters, which we believe is especially important in light of the high level of regulation and scrutiny of public company boards. Further, we believe the separation of these roles ensures the independence of the board in its oversight role of evaluating and assessing the chief executive officer and management generally.

Board Role in Risk Oversight

Our executive officers have the primary responsibility for enterprise risk management within our Company. Our board actively oversees the Company's risk management and regularly engages in discussions of the most significant risks the Company faces and how these risks are being managed.

The full board receives regular reports on enterprise risk areas from senior officers of the Company, including regarding COVID-19 related risks, human capital management, food safety, and cyber security.

The board delegates certain risk oversight functions to the audit committee. Under its charter, the audit committee is responsible for oversight of the enterprise risk assessment and management process and ensures the board or a designated committee is monitoring the identification, assessment, and

mitigation of all significant enterprise risks. Robust discussion of enterprise risk management (ERM) is held at the full board level. The audit committee oversees policies and guidelines that govern the process by which major financial and accounting risk assessment and management may be undertaken by the Company. The audit committee also oversees our corporate compliance programs and the internal audit function.

In addition, the other board committees receive reports and evaluate risks related to their areas of focus. The finance committee actively oversees the company's risks related to liquidity and access to capital. The nominating and governance committee and the compensation committee oversee certain ESG related risks, but because ESG spans multiple committees, the full board retains overall ESG oversight authority. The committees regularly report to the full board on the assessment and management of risks that fall under their purview.

The board believes the work undertaken by its committees, the full board, and the senior officers of the Company, enables the board to effectively oversee the Company's risk management.

Selection of Nominees for the Board

A key role of the board is to ensure that it has the skills, expertise, and attributes needed in light of the Company's strategy, challenges, and opportunities. The board believes that there are skill sets, qualities, and attributes that should be represented on the board as a whole but do not necessarily need to be possessed by each director. The nominating and governance committee thus considers the qualifications and attributes of incumbent directors and director candidates both individually and in the aggregate in light of the current and future needs of the Company. The nominating and governance committee assists the board in identifying and evaluating persons for nomination or renomination for board service or to fill a vacancy on the board. The nominating and governance committee's evaluation process does not vary based on whether a candidate is recommended by a stockholder, a board member, a member of management, or self-nomination. Once a person is identified as a potential director candidate, the committee may review publicly available information to assess whether the candidate should be further considered. If so, a nominating and governance committee member or designated representative for the nominating and governance committee will contact the person. If the person is willing to be considered for nomination, the person is asked to provide additional information regarding his or her background; his or her specific skills, experience, and qualifications for board service; and any direct or indirect relationships with the Company. In addition, one or more interviews may be conducted with nominating and governance committee and board members and nominating and governance committee members may contact one or more references provided by the candidate or others who would have first-hand knowledge of the candidate's qualifications and attributes.

- In evaluating the qualifications and attributes of each potential candidate (including incumbent directors) for nomination or re-nomination or appointment to fill a vacancy, the committee considers:
 - the candidate's qualifications, consisting of his/her knowledge (including relevant industry knowledge), understanding of the Company's businesses and the environment within which the Company operates, experience, skills, substantive areas of expertise, financial literacy, innovative thinking, business judgment, achievements, and other factors required to be considered under applicable laws, rules, or regulations;
 - the candidate's attributes, comprising independence, personal and professional integrity, character, reputation, ability to represent the interests of all stockholders, time availability in light of other commitments, dedication, absence of conflicts of interest, diversity, appreciation of multiple cultures, commitment to deal responsibly

- with environmental and social issues and stakeholder concerns, and other factors that the committee considers appropriate in the context of the needs of the board;
- familiarity with and respect for corporate governance requirements and practices;
- with respect to incumbent directors, the evaluation of the individual director, his or her current qualifications, and his or her contributions to the board;
- the current composition of the board and its committees; and
- intangible qualities of the candidate, including the ability to ask difficult questions and, simultaneously, to work constructively with members of the board, as well as to work effectively with management.

The board considers the recommendations of the nominating and governance committee and then makes the final decision whether to renominate incumbent directors and whether to approve and extend an invitation to a candidate to join the board upon appointment or election, subject to any approvals required by law, rule or regulation.

The Board’s Role in Management Succession Planning

The board, led by its nominating and governance committee, is actively engaged in succession planning and talent development, with a focus on the CEO and senior management of the Company. The board and the nominating and governance committee consider talent development programs and succession candidates through the lens of Company strategy and anticipated future opportunities and challenges. At its meetings throughout the year, the board and nominating and governance committee review progress of talent development and succession programs and discuss internal and external succession candidates, including their capabilities, accomplishments, goals, and development plans. The full board also reviews and discusses talent strategy and evaluations of potential succession candidates. In addition, potential leaders are given exposure to the board, which enables the board to select successors for the senior executive positions when appropriate.

Board Membership and Director Independence

Our board of directors has determined that each of our directors, except our CEO, Mr. Murphy, qualifies as an independent director under the rules promulgated by the SEC and The Nasdaq Stock Market® (“Nasdaq”) listing standards. Therefore, 91% of our current directors are independent. Following the annual meeting, if all directors are elected, all of our continuing directors will be independent, except our CEO. Pursuant to SEC and Nasdaq rules and standards, only independent directors may serve on the board’s audit committee, compensation committee, and nominating and governance committee. All members of all board committees are independent in accordance with SEC rules and Nasdaq listing standards. There are no family relationships among any of our executive officers, directors, or nominees for directors.

Our board is committed to diversity and as such includes directors with gender and ethnic diversity and a diverse set of backgrounds, experience, and skills, including:

- | | |
|-----------------------------------|--|
| ✓ Executive leadership | ✓ Talent, human capital, and organizational development |
| ✓ Business transformation | ✓ Finance, investor relations, strategic transactions, and M&A |
| ✓ Technology strategy | ✓ Restaurant executive leadership |
| ✓ Marketing and consumer insights | ✓ Value creation |
| ✓ Governance | |
| ✓ Accounting | |






Director Attendance





The board of directors held 14 meetings in 2020, including 1 in-person meeting in early 2020. Our board and committees met more frequently and primarily over video conference during 2020 due to the COVID-19 pandemic. Each of our current directors who served in 2020 attended at least 88% of the aggregate total of meetings of the board of directors and committees during their period of service in 2020. The non-management directors of the Company meet at least quarterly throughout the year and as necessary or appropriate in executive sessions at which members of management are not present.



The board of directors strongly encourages each of the directors to attend the annual meeting of stockholders. Nine of our ten directors serving at the time attended our 2020 annual meeting. One director was unable to attend due to technical difficulties joining via teleconference.

Committees of the Board

Our board of directors currently has four standing committees: an audit committee, a compensation committee, a finance committee, and a nominating and governance committee. The board added a finance committee in 2019 to provide guidance on long-range planning, budget and capital allocation, and extraordinary stockholder engagement, among other matters. Each standing committee generally meets at least once each quarter. In addition, other regular and special meetings are scheduled as necessary and appropriate depending on the responsibilities of the particular committee. Each committee regularly meets in executive session without management present. Each board committee operates pursuant to a written charter. The charter for each committee is available on the Corporate Governance section of our website at www.redrobin.com/pages/company/investors. Committee charters are reviewed at least annually by the respective committee to revise and update its duties and responsibilities as necessary.

Name of Committee and Principal Functions	Current Members and Number of Meetings in 2020
<p>Audit Committee</p> <ul style="list-style-type: none"> Oversees our financial reporting activities, including our annual report and the accounting standards and principles followed Reviews earnings releases and annual and quarterly reports, including use of any non-GAAP disclosures Oversees the disclosure process, including understanding and monitoring of the Company's disclosure committee Selects and retains the independent auditor Participates in the process to rotate and select the lead audit partner at least every five years Reviews scope and results of audit to be conducted by the independent auditor Evaluates performance and monitors independence, commitment to objectivity, and skepticism of selected independent auditor Approves the budget for fees to be paid to the independent auditor for audit services and non-audit services; evaluates fees for reasonableness and fairness based on benchmarking Oversees the Company's internal audit function, scope and plan, and the Company's disclosure and internal controls Oversees the Company's ethical and regulatory compliance Provides oversight of the Company's enterprise risk management Regularly meets with independent auditor in executive session Participates in the evaluation of independent auditor and lead audit partner 	<p>Committee Members:</p> <p>Steven K. Lumpkin  </p> <p>Thomas G. Conforti </p> <p>Anthony A. Ackil</p> <hr/> <p> Chairperson</p> <p> Determined by the board to be an audit committee financial expert as defined under SEC rules</p> <p>Number of Meetings in 2020:</p> <p>The audit committee held eight meetings in 2020, all of which were held via videoconference.</p>

Name of Committee and Principal Functions	Current Members and Number of Meetings in 2020
<p>Compensation Committee</p> <ul style="list-style-type: none"> • Develops and performs an annual performance evaluation of our CEO • Approves salary, short-term, and long-term incentive compensation programs for the CEO and all executive officers • Reviews and adopts employee benefit plans • Oversees compensation and benefits related ESG areas • Reviews and approves compensation for directors • May engage its own compensation consulting firms or other professional advisors to assist in discharging its responsibilities, as necessary 	<p>Committee Members:</p> <p>Kalen F. Holmes  Cambria W. Dunaway G.J. Hart David A. Pace</p> <hr/> <p> Chairperson</p> <p>Number of Meetings in 2020:</p> <p>The compensation committee held nine meetings in 2020, all of which were held via videoconference.</p>
<p>Nominating and Governance Committee</p> <ul style="list-style-type: none"> • Identifies, evaluates, and recommends to the board of directors, candidates for appointment or election to the board and their independence • Determines whether to recommend to the board to include the nomination of incumbent directors in the proxy statement • Considers candidates to fill any vacancies that may occur • At least once a year, considers whether the number of directors and skill sets is appropriate for the Company’s needs and recommends to the board any changes in the composition of the board • Evaluates and recommends to the board committee structure and membership • Develops and oversees the Company’s corporate governance policies • Oversees governance related ESG areas • Oversees the Company’s litigation and insurance coverage • Oversees the process to assess the performance of the board and its committees 	<p>Committee Members:</p> <p>Cambria W. Dunaway  Kalen F. Holmes Glenn B. Kaufman Allison Page</p> <hr/> <p> Chairperson</p> <p>Number of Meetings in 2020:</p> <p>The nominating and governance committee held six meetings in 2020, all of which were held via videoconference.</p>

Name of Committee and Principal Functions	Current Members and Number of Meetings in 2020
<p>Finance Committee</p> <ul style="list-style-type: none"> • Participates in and provides guidance to the board of directors and management on: <ul style="list-style-type: none"> ○ material acquisitions and dispositions ○ long range planning ○ annual budget ○ capital allocation (including share repurchase programs and 10b5-1 plan) ○ adjustments to capital structure ○ extraordinary stockholder engagement 	<p>Committee Members:</p> <p>Thomas G. Conforti  G.J. Hart Glenn B. Kaufman Steven K. Lumpkin Allison Page</p> <hr/> <p> Chairperson</p> <p>Number of Meetings in 2020:</p> <p>The finance committee held twelve meetings in 2020, all of which were held via videoconference.</p>

Board Evaluations

The board recognizes that a robust and constructive board evaluation process is essential to its effectiveness. As such, the board and each committee conduct annual evaluations to determine whether it and its committees are functioning effectively. As part of the evaluation process, each director also evaluates his or her own performance and periodically completes peer evaluations of the other directors, designed to assess individual director performance. The evaluation process is overseen by the nominating and governance committee, in consultation with the board chair. Outcomes of the evaluation process have been used to inform board succession planning, committee memberships, chair service, and enhancements to board effectiveness.

Review of Evaluation Process & Assessment Guides	Assessment Guides & Evaluation Forms	One-on-One Discussions	Evaluation Results
<ul style="list-style-type: none"> • Nominating and Governance Committee reviews process and assessment guide forms 	<ul style="list-style-type: none"> • Drive robust discussion and valuable feedback • Focus on efficiency and effectiveness, board and committee composition, quality of board discussions, quality of materials and information provided, and board culture 	<ul style="list-style-type: none"> • One-on-one discussions between each member of the board and either the nominating and governance committee chair, board chair, or both, regarding evaluation results 	<ul style="list-style-type: none"> • Final evaluation results discussed with each committee and the full board in executive session

Indemnification of Directors

The Company has entered into agreements to indemnify its directors, executive officers, and certain other key employees. Under these agreements, the Company is obligated to indemnify its directors and officers to the fullest extent permitted under the Delaware General Corporation Law for expenses, including attorneys' fees, judgments, fines, and settlement amounts incurred by them in any action or proceeding arising out of their services as a director or officer. The Company believes these agreements are necessary in attracting and retaining qualified directors and officers.

Limits on Outside Board Service

As provided in our corporate governance guidelines, without specific approval from our board, no director of the Company may serve on more than four public company boards (including the Company's board) and no member of the audit committee may serve on more than three public company audit committees (including the Company's audit committee). Any audit committee member's service on more than three public company audit committees will be subject to the board's determination that the member is able to effectively serve on the Company's audit committee.

Stockholder Submission of Director Nominees

A stockholder may submit the name of a director candidate for consideration by the nominating and governance committee by writing to: Nominating and Governance Committee of the Board of Directors, Red Robin Gourmet Burgers, Inc., 6312 South Fiddler's Green Circle, Suite 200N, Greenwood Village, CO 80111.

The stockholder must submit the following information in support of the candidate: (a) all information relating to such person as would be required to be disclosed in solicitations of proxies for the election of such nominees as directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and such person's written consent to serve as a director if elected; and (b) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Company's books, and of such beneficial owner, (ii) the class and number of shares of the Company that are owned beneficially and of record by such stockholder and such beneficial owner, (iii) a description of any agreement, arrangement, or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of such stockholder's notice by, or on behalf of, such stockholder and such beneficial owner, whether or not such instrument or right shall be subject to settlement in underlying shares of capital stock of the Company, the effect or intent of which is to mitigate loss to, manage risk of share price changes for, or increase or decrease the voting power of, such stockholder or such beneficial owner, with respect to shares of stock of the Company, and (iv) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of the Company's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the Company's voting shares to elect such nominee or nominees.

Certain Relationships and Related Transactions

For 2020, we had no material related party transactions which were required to be disclosed in accordance with SEC regulations.

The board of directors recognizes transactions between the Company and certain related persons present a heightened risk of conflicts of interest. To ensure the Company acts in the best interest of our

stockholders, the board has delegated the review and approval of related party transactions to the audit committee. Pursuant to our Code of Ethics and the audit committee charter, any related party transaction required to be disclosed in accordance with applicable SEC regulations must be reviewed and approved by the audit committee. In reviewing a proposed transaction, the audit committee must:

- satisfy itself that it has been fully informed as to the related party's relationship and interest, and as to the material facts of the proposed transaction; and
- consider all the relevant facts and circumstances available to the committee.

After its review, the audit committee will only approve or ratify transactions that are fair to the Company and not inconsistent with the best interests of the Company and our stockholders.

Compensation Committee Interlocks and Insider Participation

During the last completed fiscal year, Cambria W. Dunaway, G.J. Hart, Kalen F. Holmes, and David A. Pace each served as members of the Company's compensation committee for all or a portion of such period. None of the members of the compensation committee is, or at any time has been, an officer or employee of the Company. None of our current executive officers serves as a director of another entity that has an executive officer who serves on our board.

DIRECTOR COMPENSATION

The compensation program for our directors is set forth in the table below. The director compensation program is evaluated annually by the compensation committee's independent consultant to assess the program's alignment with the market. As a result of the analysis, the committee chair fee for the nominating and governance committee was updated in the fourth quarter of 2020 to maintain market median levels. In light of the impact of COVID-19 on the global business environment and on the Company's stock price, the compensation committee temporarily reduced non-employee director cash compensation in order to reduce costs. In March 2020, the Company temporarily reduced the annual cash retainer and committee chair fees by 20%. These fees were not reinstated until Q4 2020. Directors did not receive repayment for the lost wages when payment was restored.

Annual Retainer	<p>Each non-employee director of the Company receives an annual cash retainer of \$70,000, payable in substantially equal quarterly installments. In addition, the chair of the board and each board committee chair receive annual retainers in substantially equal quarterly installments:</p> <table style="margin-left: 40px;"> <tr> <td>Chair of the board</td> <td style="text-align: right;">\$85,000</td> </tr> <tr> <td>Chair of audit committee</td> <td style="text-align: right;">\$15,000</td> </tr> <tr> <td>Chair of compensation committee</td> <td style="text-align: right;">\$12,500</td> </tr> <tr> <td>Chair of nominating and governance committee</td> <td style="text-align: right;">\$10,000*</td> </tr> <tr> <td>Chair of finance committee</td> <td style="text-align: right;">\$10,000</td> </tr> </table> <p>* Chair fee increased from \$7,500 to \$10,000 beginning in Q4 2020 based on review of market data to align with the market median.</p>	Chair of the board	\$85,000	Chair of audit committee	\$15,000	Chair of compensation committee	\$12,500	Chair of nominating and governance committee	\$10,000*	Chair of finance committee	\$10,000
Chair of the board	\$85,000										
Chair of audit committee	\$15,000										
Chair of compensation committee	\$12,500										
Chair of nominating and governance committee	\$10,000*										
Chair of finance committee	\$10,000										
Equity Awards	<p>Each non-employee director receives an annual grant of restricted stock units with a grant date value of approximately \$110,000 and a vesting term of one year or the date of the next annual meeting of stockholders, whichever is earlier. The vesting term is consistent with the Company's declassification of its board of directors with annual elections for one-year terms (until the next annual meeting) in accordance with governance best practices.</p>										

2020 Director Compensation

The following table sets forth a summary of the compensation earned by our non-employee directors in fiscal 2020.

Name	Fees Earned or Paid in Cash \$(1)	Stock Awards \$(2)	All Other Compensation \$(3)	Total (\$)
Current Directors*				
Anthony S. Ackil(4)	67,603	128,332	-	195,935
Thomas G. Conforti	72,000	109,995	-	181,995
Cambria W. Dunaway	71,000	109,995	-	180,995
G.J. Hart	63,000	109,995	-	172,995
Kalen F. Holmes	74,250	109,995	-	184,245
Glenn B. Kaufman	63,000	109,995	-	172,995
Steven K. Lumpkin	76,500	109,995	-	186,495
David A. Pace	139,500	109,995	-	249,495
Allison Page(5)	77,192	146,655	-	223,847
Former Directors				
Stuart I. Oran(6)	8,093	-	-	8,093

* Table does not include Director Anddria Varnado who was appointed in March 2021 and therefore did not receive any compensation for 2020.

- (1) As noted above, fees paid to our non-employee directors were temporarily reduced 20% beginning in March 2020 and reinstated beginning in the fourth quarter of 2020. Directors did not receive repayment for the lost wages. Fees paid to our non-employee directors are paid in advance of each quarter. Mr. Ackil and Ms. Page's 2020 fees were pro-rated for partial service in the first quarter of 2020.
- (2) Each director was awarded 7,768 restricted stock units in May 2020. The fair value of such restricted stock units was computed in accordance with the guidance for accounting for stock compensation at \$14.16 per share for all directors. All such restricted stock units are subject to vesting in full one year from the date of grant, or the date of the next annual meeting of stockholders, whichever is earlier. The 2020 restricted stock unit award for Mr. Ackil and Ms. Page of 9,063 shares and 10,357 shares, respectively, included an additional pro-rated amount for their partial service prior to May 2020.
- (3) The aggregate amount of all other compensation paid to each director in fiscal year 2020 did not exceed \$2,500 per director.
- (4) Mr. Ackil joined the board in March 2020.
- (5) Ms. Page joined the board in February 2020.
- (6) Mr. Oran retired and concluded his board service on May 21, 2020.

As of the end of the fiscal year 2020, the aggregate number of options and restricted stock units outstanding for each non-employee director is set forth below. Options are considered outstanding until exercised and restricted stock units are considered outstanding until vested and paid.

Director	Options	Restricted Stock Units
Anthony S. Ackil	-	9,063
Thomas G. Conforti	-	7,768
Cambria W. Dunaway	5,000	7,768
G.J. Hart	-	7,768
Kalen F. Holmes	5,000	7,768
Glenn B. Kaufman	-	7,768
Steven K. Lumpkin	5,000	7,768
David A. Pace	-	7,768
Allison Page	-	10,357
 Former Directors		
Stuart I. Oran	-	-

Director Stock Ownership Guidelines

The compensation committee has stock ownership guidelines in place for non-employee directors which require non-employee directors to own Company securities with a cumulative cost basis of at least five times the director's annual retainer. Based on the current annual retainer for non-employee directors, that dollar amount is \$350,000. The value of each director's holdings is based on the cumulative cost basis of securities held, which is calculated using the price of the Company's common stock at the date of acquisition. All forms of equity owned of record or beneficially, including vested in-the-money options, are credited toward the guidelines. New non-employee directors have five years from the time the director joins the board to reach the minimum ownership threshold. Non-employee directors may not sell, transfer, or otherwise dispose of common stock that would decrease such director's cumulative cost basis below the ownership guideline amount. All of our directors are currently in compliance or on track to be in compliance with the guidelines at this time. In addition, a majority of directors have not sold any of their awarded shares.

COMPENSATION DISCUSSION AND ANALYSIS

NAMED EXECUTIVE OFFICERS

In this Compensation Discussion and Analysis, we provide an analysis and explanation of our executive compensation program and the compensation derived from this program by our executive officers, including our “named executive officers.” For 2020, our named executive officers were:

- **Paul J.B. Murphy III**, President and Chief Executive Officer
- **Lynn S. Schweinfurth**, Executive Vice President and Chief Financial Officer; Interim Chief Information Officer
- **Jonathan A. Muhtar**, Executive Vice President and Chief Concept Officer
- **Michael L. Kaplan**, Executive Vice President, Chief Legal Officer, and Secretary
- **Michael Buchmeier**, Senior Vice President and Chief People Officer; Interim Chief Operating Officer

Former officer included as a Named Executive Officer for 2020 as required by SEC rules:

- **Dean Cookson**, Former Senior Vice President and Chief Information Officer⁽¹⁾

(1) Mr. Cookson resigned as Senior Vice President and Chief Information Officer of the Company effective as of August 28, 2020.

EXECUTIVE SUMMARY

Red Robin is committed to building long-term stockholder value. Our executive compensation program is designed to pay for performance and link incentives to current and long-term sustained achievement of Company strategic and financial goals. This executive summary provides an overview of our fiscal 2020 performance, compensation actions, and compensation outcomes based on pay for performance alignment. References to “2020” herein are to the Company’s fiscal year ended December 27, 2020.

2020 COMPANY OPERATIONAL AND PERFORMANCE HIGHLIGHTS

2020 began as a pivotal year of transformation for the Company and we entered the year with accelerating business momentum. Under a significantly refreshed board and a new CEO, Paul Murphy, the Company was making measurable progress on its turnaround plan. To that end, through the first eight weeks of 2020, the Company grew comparable restaurant revenue by 3.7%, driven in part by positive Guest count growth. Then, the COVID-19 crisis forced the Company to adjust and respond to the impact of the pandemic.

With the onset of the pandemic in early 2020, the Company entered an unprecedented time for our Guests, Team Members, business, and industry. The pandemic brought forth complex challenges including severe limitations on dine-in capacity that materially reduced our traffic and sales and challenged our liquidity. With the health, safety, and well-being of Red Robin’s Team Members, Guests, and communities as our top priority, we successfully shifted restaurants to an off-premise only model and took action to preserve liquidity, enhance financial flexibility, and help mitigate the impact of COVID-19 on our business and to set ourselves up for the eventual recovery. Despite the challenges of the pandemic, we were able to significantly improve our operating and financial model. The material improvements we made to our business will enable us to resume our transformation strategy in an even stronger position as we emerge from the pandemic.

Through the pandemic, our CEO kept management focused on three priorities: (1) be a brand that survives the pandemic, (2) bring as many Team Members through the pandemic with the Company as possible, and (3) continue to make progress on the transformation strategy to position the Company well to thrive post-pandemic and beyond. These priorities also guided 2020 compensation actions, which included a temporary 20% reduction to executive officer and board member cash compensation and a shift to total shareholder return as the performance metric for our long-term incentive plan.

Despite the COVID-19 pandemic, we made significant progress on our transformation strategy during 2020 to solidify our financial longevity and develop a more robust business model, including the following accomplishments.

2020 Accomplishments

- ✓ Significantly grew off-premise sales, increasing 136.2%, comprising 41.1% of total food and beverage sales in 2020;
- ✓ Continued Donatos® roll-out, in 79 restaurants as of December 27, 2020;
- ✓ Structurally improved restaurant and enterprise level margin for the long-term compared to 2019;
 - Reduced our menu by over one-third, improving operational execution and resulting in over \$2 million in annual savings;
 - Implemented a new management labor structure which provides better supervisory coverage during peak hours, and increases flexibility resulting in approximately \$14 million in annual savings (excluding labor savings associated with closed restaurants);
 - Optimized our portfolio by completing lease negotiations for more than 75% of Company-owned restaurants resulting in 3% to 4% in occupancy expense savings over the remaining lease terms, as well as permanently closing select restaurants; and
 - Drove a permanent annual reduction in general and administrative expenses by more than 10%, or approximately \$10 million, prior to future growth drivers and other inflationary costs.
- ✓ Reduced costs are expected to result in permanent incremental enterprise-level margin improvement of more than 100 basis points, as the Company returns to pre-COVID sales volumes;
- ✓ Accelerated the implementation of our TGX hospitality model, which combines technology and improved service coverage to deliver an elevated and more attentive Guest experience. TGX improved speed of service (including decreased ticket and window times), increased cleanliness scores, and contributed to our highest ever product quality and overall Guest satisfaction scores; and
- ✓ Increased web traffic to drive a record number of Guests to our website, as well as increased social media engagement and the highest number of total followers.

2020 COMPENSATION ACTIONS

Our incentive programs demonstrate our commitment to a pay for performance compensation philosophy. The Company made multiple positive changes to its compensation program beginning in 2020 prior to the pandemic:

- ✓ Included key strategic initiatives to support our strategy in the annual incentive plan for 2020 in addition to the Adjusted EBITDA goal.
- ✓ Aligned our NEOs with shareholders with a long-term perspective on share price performance and increased the portion of “at risk” compensation with a long-term incentive program consisting of 50% weighted in performance share units (PSUs), 25% weighted in non-qualified stock options, and 25% weighted in RSUs for the named executive officers.
- ✓ Set the target for PSUs using a pre-established performance target for a three-year performance period, instead of setting targets annually over the three-year performance period. Additionally, set the target for the two remaining tranches of the 2019 PSU award to align with the achievement of Adjusted EBITDA for 2020 and 2021.

Prior to the pandemic, the compensation committee set 2020 compensation for our named executive officers as follows:

Base Salary

- Based on our total compensation philosophy and peer compensation levels as well as individual performance, the compensation committee approved a salary increase for just two of the named executive officers in the beginning of 2020.
 - Ms. Schweinfurth’s salary increased from \$450,000 to \$470,000.
 - Mr. Muhtar’s salary increased from \$425,000 to \$445,000.

Annual Performance-Based Incentive

- The basic structure and primary metric (Adjusted EBITDA) of our annual performance-based cash incentive program remained the same in 2020 (70% weight). The 2020 bonus was also based on strategic performance targets including the implementation of our TGX hospitality model (10% weight), rollout of Donatos® pizza to 95 locations (10% weight), and system implementation of the new online ordering digital platform (“Digital Guest Journey”) (10% weight).
 - Ms. Schweinfurth’s annual performance-based cash incentive target as a percentage of salary was changed from 70% to 75% in early 2020. No other changes were made to named executive officer performance-based cash incentive targets. The individual targets are based on market competitiveness, individual performance, and growth in roles, and serve to increase stockholder alignment, and place a portion of pay “at risk”.

Long-Term Performance-Based Incentive

- The structure of our long-term incentive program opportunities remained the same in 2020 for our named executive officers and other executive officers, except for a change in mix to include non-qualified stock options (25% weight) in addition to PSUs (50% weight) and RSUs (25% weight). The long-term incentive program was also revised to use relative TSR as a pre-established performance target for a three-year cumulative performance period.
 - Individual targets are based on market competitiveness, individual performance, and growth in roles, and serve to increase stockholder alignment, increase the portion of “at risk” pay, and enhance retention. Three of our named executive officers’ long-term incentive targets as a percentage of salary were changed in the beginning of 2020:
 - Ms. Schweinfurth’s annual LTI target as a percentage of salary was increased from 120% to 130%.
 - Mr. Muhtar’s annual LTI target as a percentage of salary was increased from 140% to 145%.
 - Mr. Kaplan’s annual LTI target as a percentage of salary was increased from 90% to 110%.

The Company’s performance and its response to the COVID-19 pandemic impacted 2020 compensation actions. In light of the impact of COVID-19 on the global business environment and on the Company’s stock price, the compensation committee took certain additional actions with respect to the 2020 compensation program in order to meaningfully reduce costs and set performance targets that were most appropriate given the uncertainty and challenges at that time:

- ✓ Reduced base salaries of our named executive officers by 20% effective March 30, 2020. Base salaries were not restored until October 5, 2020.
 - The salaries of our executive team were reduced before any salary reductions to other Team Members, and executive team salaries were the last to be restored.
 - Executive team members did not receive repayment for the lost wages when payment was restored.
- ✓ Reduced non-employee director cash compensation by 20% in March 2020 at the same time as the executive team. Director fees were restored at the beginning of Q4 2020. As with executive team members, directors did not receive repayment for lost wages.
- ✓ Delayed the Company’s annual long-term incentive granting as the pandemic hit (originally approved for March 2020), to better assess liquidity and share pool usage and to address challenges of setting financial performance goals in an uncertain business environment.
- ✓ Selected relative total shareholder return (TSR) as the metric for the three-year performance period of the 2020-2022 PSU awards given the uncertainty and challenges of establishing meaningful targets for alternative financial metrics.
- ✓ Rewarded the extraordinary effort in 2020 during the pandemic of the Company’s Team Members, including our named executive officers, with a discretionary bonus equivalent to about 15% of each Team Member’s typical bonus opportunity in early 2021. See “Compensation Discussion and Analysis—2020 Executive Compensation—2020 Recognition Awards” for further information on the discretionary bonus paid for contributions in 2020. No adjustments were made to the performance goals for the in-progress annual and long-term incentive programs.

2020 COMPENSATION OUTCOMES

The Company's challenged 2020 performance impacted our named executive officers' compensation outcomes, consistent with our commitment to a pay for performance compensation philosophy. Based on 2020 performance, the compensation committee:

- ✓ Approved a 10% payout of the annual incentive program based on achievement of a major strategic performance goal of rolling out our Total Guest Experience ("TGX") hospitality model system wide, which is contributing to record high Guest satisfaction scores. The Company did not achieve the threshold goal for Adjusted EBITDA or the other strategic goals for 2020.
- ✓ Recognized and rewarded the extraordinary effort during the pandemic of the Company's Team Members, including our named executive officers, with a one-time discretionary cash bonus equivalent to about 15% of each Team Member's annual target bonus opportunity.
- ✓ Approved an 18.9% payout of the 2018-2020 long-term incentive program based on below target Adjusted EBITDA performance for 2018 and 2019 and no payout for 2020.
- ✓ Made no adjustments to in-progress and outstanding long-term incentive awards, despite the negative consequences of the COVID-19 pandemic on the projected payouts of these awards and the temporary reduction of salaries.

See "Compensation Discussion and Analysis—Key Components of our Executive Compensation Program—Incentive-Based Compensation" for further information on the annual corporate incentive and long-term incentive program. See "Compensation Discussion and Analysis—2020 Executive Compensation—2020 Recognition Awards" for further information on the discretionary bonus paid for contributions in 2020.

COMPENSATION PHILOSOPHY

COMPENSATION PHILOSOPHY

Our executive compensation program is designed to pay for performance and link incentives to current and long-term sustained achievement of Company strategic and financial goals. It encourages our executive officers to think and act like owners, because they are owners and as such are compensated in significant part based on the performance of the Company.

PAY OBJECTIVES

Our compensation objectives are designed to link incentives and rewards with current and long-term sustained achievement of these goals:

- Attracting, retaining, and motivating the best possible executive talent with the experience and leadership skills capable of driving performance and top- and bottom-line growth in sales and profitability;
- Creating value for our stockholders by linking executive compensation to the achievement of measurable corporate objectives; and
- Paying for superior results through a program that incentivizes and rewards achievement of both short-term and long-term organizational and functional objectives with a mix of compensation elements that place a significant portion of cash and equity compensation at risk.

PAY FOR PERFORMANCE ALIGNMENT

Our compensation program is designed to pay for performance and is comprised of performance-based short-term and long-term incentive awards. Such compensation varies in value and is at-risk of forfeiture or reduced payout if performance goals are not achieved or our stock price declines. Performance metrics used for the annual and long-term cash incentive grants are reviewed and approved by the compensation committee. Restricted stock units and stock options vest ratably over multiple years, the value of which is dependent, in whole or in part, on an increase in the Company's stock price.

COMPENSATION DECISION PROCESSES

OVERVIEW

- ✓ Executive compensation decisions are made by our compensation committee, which is comprised solely of independent directors.
- ✓ When making compensation decisions, our compensation committee receives input from its independent compensation consultant and recommendations from our CEO for the CEO's direct reports. Our compensation committee reviews benchmarking data of a peer group of restaurant companies as one input into the pay decision process. Other factors that influence pay decisions include, but are not limited to Company performance, individual performance, succession planning, and retention.

COMPENSATION SETTING

The compensation committee approves target total direct compensation levels for named executive officers by establishing base salaries and setting annual and long-term incentive compensation targets. When appropriate, the committee also approves special awards and relatively modest perquisites. The Company makes pay decisions based on a variety of factors, including:

- Company performance
- Company strategy and alignment of incentives

- Benchmarking data for our restaurant peer group for target total direct compensation (base salaries, short-term incentives, and long-term incentives), based on disclosure in peer proxy statements and other applicable survey data
- Individual performance and areas of responsibility relative to the market data
- Compensation relative to other executive officers in the Company
- Advice from the committee’s independent compensation consultant
- The CEO’s recommendations with respect to the compensation of the executives who report directly to the CEO, including the other named executive officers
- Whether our compensation program encourages unnecessary or excessive risk taking
- Results of the Company’s say-on-pay advisory votes in prior years
- Management succession planning and retention

CONSIDERATION OF PRIOR SAY-ON-PAY VOTES

At our 2020 annual meeting of stockholders, 96.9% of votes were cast to approve the advisory “say on pay” vote on the 2019 compensation of our named executive officers. This is the third consecutive year of over 90% support for our “say on pay” proposal, with 90.7% of stockholders voting to approve our “say on pay” proposal in 2019 and 99.3% in 2018.

We believe the level of support we received from stockholders for the last three years was driven in part by our commitment to a pay for performance philosophy and our linking incentives to current and long-term sustained achievement of Company strategic goals. The compensation committee considered the results of the advisory vote when setting executive compensation for 2020 and will continue to do so in future executive compensation policies and decisions. We regularly engage with our stockholders and this engagement provides valuable insight that informs the work of both management and the board, including in the areas of executive compensation. In the last 12 months, we held meetings and discussions with stockholders representing more than 55% of our outstanding shares. See “Proxy Summary—Stockholder Engagement” for more discussion about our engagement with our stockholders, including Company participants and topics covered.

BENCHMARKING

Restaurant Peer Group

Restaurant peer group companies were selected and approved by the compensation committee upon the recommendation of management and the committee’s independent compensation consultant and are based on their similarity to us with respect to several criteria, including revenue, size, business model, and scope. The peer group used for 2020 compensation benchmarking consists of the 18 restaurant companies identified in the chart below. No changes to the peer group were made in 2020 and therefore the same peer group is being used to set 2021 compensation.

Peer Group

Biglari Holdings, Inc.	Dine Brands Global, Inc.
BJ’s Restaurants, Inc.	Domino’s Pizza, Inc.
Brinker International, Inc.	Fiesta Restaurant Group, Inc.
Carrols Restaurant Group, Inc.	Jack in the Box, Inc.
The Cheesecake Factory, Inc.	Noodles & Company
Chuy’s Holdings, Inc.	Papa John’s International, Inc.
Cracker Barrel Old Country Store, Inc.	Ruth’s Hospitality Group, Inc.
Dave & Buster’s Entertainment, Inc.	Texas Roadhouse, Inc.
Denny’s Corporation	The Wendy’s Company

2020 Compensation Setting. The compensation committee uses competitive compensation data from the annual total compensation study of peer and other restaurant companies and other relevant survey sources to inform its decisions about overall compensation opportunities and specific compensation elements. Additionally, the compensation committee uses multiple reference points when establishing targeted compensation levels. The committee applies judgment and discretion in establishing targeted pay levels, considering not only competitive market data, but also factors such as company, business unit, and individual performance, scope of responsibility, critical needs and skill sets, leadership potential, and succession planning.

INDEPENDENT COMPENSATION CONSULTANT

In 2020, Meridian Compensation Partners, LLC (“Meridian”) again served as the compensation committee’s independent compensation consultant. The independent compensation consultant assists with the compensation committee’s annual review of our executive compensation program, cash and equity compensation practices, ongoing development of our executive compensation philosophy, and acts as an advisor to the compensation committee on compensation matters as they arise. The compensation consultant also advises the compensation committee on compensation for the board of directors. The compensation committee evaluated Meridian’s independence as its compensation consultant by considering each of the independence factors adopted by Nasdaq and the SEC. Based on such evaluation, the compensation committee believes no conflict of interest exists that would prevent Meridian from independently representing the compensation committee.

RISK MITIGATION

The compensation committee considers, in establishing and reviewing our executive compensation program, whether the program encourages unnecessary or excessive risk taking. The factors considered by the committee include:

- the general design philosophy of our compensation policies and practices for employees whose behavior would be most affected by the incentives established by our compensation policies and practices, as such policies and practices relate to or affect risk taking by employees on our behalf, and the manner of their implementation;
- our risk assessment and incentive considerations in structuring our compensation policies and practices or in awarding and paying compensation;
- how our compensation policies and practices relate to the realization of risks resulting from the actions of employees in both the short term and the long term;
- our policies regarding adjustments to our compensation programs and practices to address changes in our risk profile; and
- material adjustments we have made to our compensation policies and practices as a result of changes in our risk profile.

The compensation committee believes it has mitigated unnecessary risk taking in both the design of the compensation plans and the controls placed upon them because:

- payouts under our annual and long-term incentive compensation plans are capped;
- long-term incentives feature multiple components; performance is measured over multi-year periods with value dependent on share price as compared to a group of key competitors;
- the compensation committee has the ability to reduce payouts under our incentive compensation plans in its discretion;
- executives are subject to robust stock ownership guidelines;
- executives are subject to anti-hedging and anti-pledging policies with respect to our common stock;

- the performance goals under our incentive programs relate directly to the business plan approved by the board of directors; and
- there is an appropriate balance between our annual operating achievements and longer-term value creation, with a particular emphasis on longer-term value creation for our executives.

The compensation committee completes this evaluation annually. Accordingly, based upon the foregoing, the Company believes the risks arising from its compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.

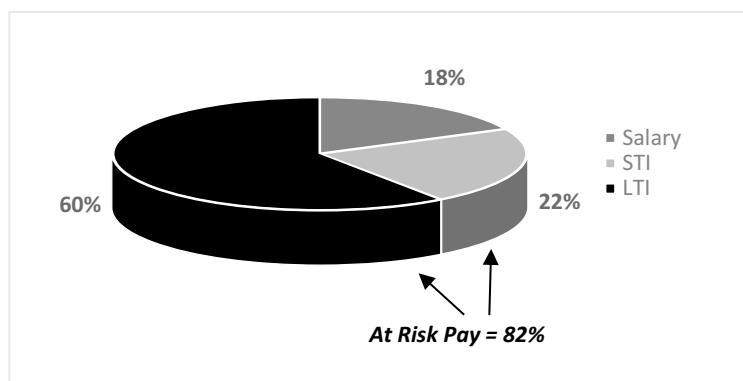
2020 EXECUTIVE COMPENSATION

OVERVIEW

Our 2020 executive compensation program was comprised of three primary elements: (i) base salaries, (ii) annual performance-based cash incentives, and (iii) long-term incentives that include performance share units (PSUs) based on a three-year performance period, non-qualified stock options, and restricted stock units. We believe the metrics used for both the annual performance-based cash incentive and long-term incentive grants drive stockholder value. The goals for our incentive plans are linked to the Company's financial and strategic business plans.

By design, "at-risk" pay (incentive pay subject to forfeiture or partial or complete loss of value) comprised 82% of total target compensation for the CEO, Paul Murphy, and 65% of total target compensation for the other named executive officers who were employed at the end of the year as a group. The charts below reflect the portion of our named executive officers' 2020 total target compensation that is considered at-risk (amounts do not reflect the temporary reductions to base salary in 2020).

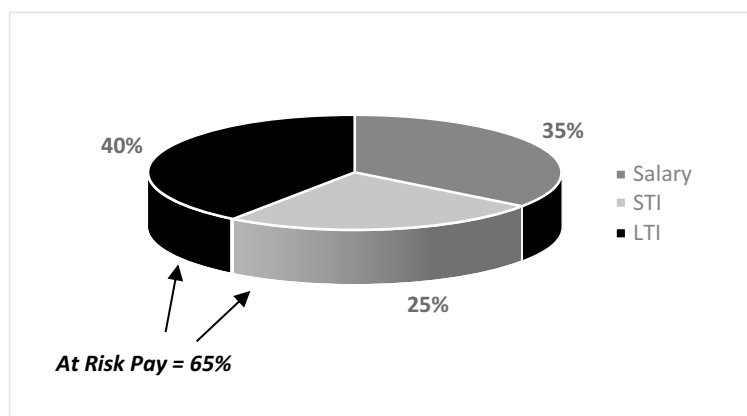
CEO



Our pay for performance compensation is further demonstrated in actual 2020 CEO compensation:

- The minimal incentive payouts earned by our CEO in 2020 of only 10% payout of STI and no payout earned for LTI demonstrate this pay for performance commitment.
- No adjustments were made to in-progress and outstanding STI and LTI awards, despite the negative consequences of the COVID-19 pandemic on the projected payouts of these awards and the temporary reduction of salaries. Instead the compensation committee recognized and rewarded the extraordinary effort during the pandemic of the Company's Team Members, including our CEO, with a minimal one-time discretionary cash bonus equivalent to about 15% of annual target bonus opportunity.
- In 2020 our CEO received a \$225,000 payment as the second half of a one-time sign on payment in connection with his initial appointment with the Company pursuant to his employment agreement. This payment was required to attract Mr. Murphy and replace compensation he was leaving in his previous position and is not included as part of his annual compensation going forward.
- The CEO's 2020 LTI compensation award links a substantial portion of his pay directly to shareholder return going forward with 50% comprised of PSUs that are based on relative TSR and completely at-risk. Further, 25% of his 2020 LTI compensation is comprised of options, which do not have value unless the stock price appreciates.

Other Named Executive Officers



KEY COMPONENTS OF OUR EXECUTIVE COMPENSATION PROGRAM

Base Salary

Base salary provides a minimum level of remuneration to our named executive officers for their efforts. The compensation committee sets base salaries for our executives to reflect the scope of each executive's responsibilities, experience, and performance. The compensation committee reviews base salaries annually as part of the benchmarking process and adjusts them from time to time to account for relevant factors such as market changes. The compensation committee also considers the CEO's evaluation of each executive's performance and reviews the CEO's salary recommendations for our executives.

Incentive-Based Compensation

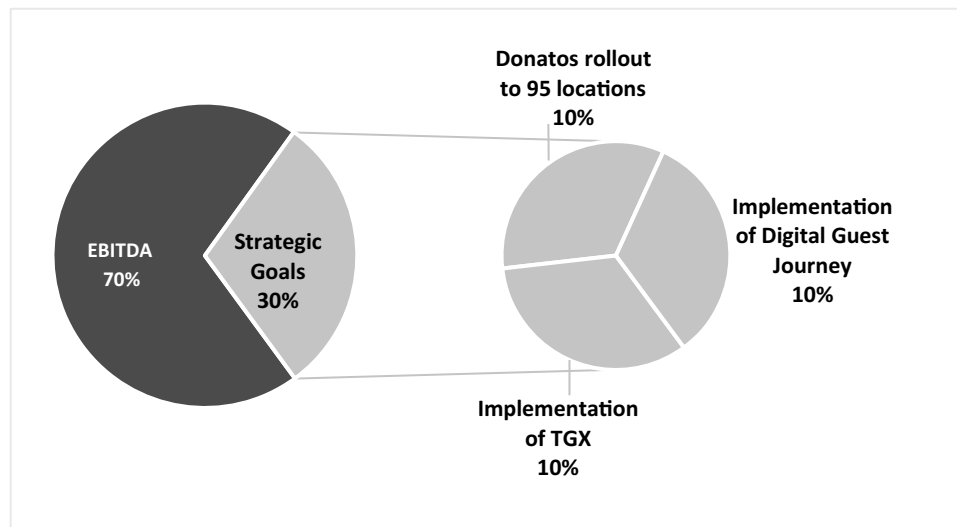
Annual Performance-Based Incentive. Annual performance-based cash incentives are intended to reward achievement of annual financial performance and strategic goals that drive long-term, sustained creation of stockholder value. Our annual incentive goals are established with reference to the annual portion of our multi-year strategic plan. The annual performance metrics are financial-based measures and strategic goals that the compensation committee believes are aligned with our strategy. The compensation committee continually evaluates the measures against which we gauge our performance and may incorporate additional or alternative metrics to incentivize executives to achieve appropriate performance targets and respond to industry changes or market forces.

Each of our executives participates in the annual incentive plan under which the compensation committee uses earnings before interest, taxes, depreciation, and amortization, or EBITDA, as the primary metric. EBITDA may be further adjusted under the 2017 Plan to remove the effect of any one or more of the following: equity compensation expense under ASC 718; accelerated amortization of acquired technology and intangibles; asset write-downs; litigation or claim judgments or settlements; changes in or provisions under tax law, accounting principles or other such laws or provisions affecting reported results; accruals for reorganization and restructuring programs; discontinued operations; restaurant closure costs; executive transition costs; acquisition and dispositions; a material change in planned capital expenditures; and any items that are unusual in nature, non-recurring, or infrequent in occurrence, except where such action would result in the loss of the otherwise available exemption of the Award under Code Section 162(m), if applicable, and is referred to herein as "Adjusted EBITDA."

The Adjusted EBITDA (70% weight) measure was selected because we believe it best captures our operating results without reflecting the impact of decisions related to our growth, non-operating factors,

and other matters. In addition, in 2020, the annual performance-based incentive plan included three strategic goals: implementation of our TGX hospitality model (10% weight), rollout of Donatos® pizza to 95 locations (10% weight), and system implementation of the new Digital Guest Journey online ordering platform (10% weight) to incentivize and reward improvements in these strategically important areas.

2020 Annual Performance Based Incentive Plan



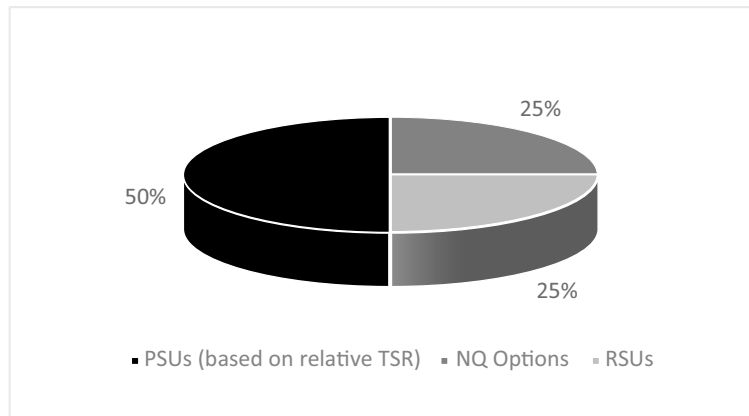
The Company grants annual performance-based incentive awards and cash incentive awards, if any, under the 2017 Plan. The compensation committee approves any payouts earned under the annual incentive program following review of actual results at the end of the year. The corresponding dollar payout value varies up or down depending on the actual performance level versus threshold, target, and maximum goals that are set at the beginning of the year. The compensation committee sets the payout ranges each year based on performance expectations and other factors. We believe our performance goals require “stretch” performance and encourage superior performance.

No payouts are earned if the threshold goals are not achieved. The compensation committee may also use various factors to exercise negative discretion when evaluating performance for purposes of awarding annual incentive compensation.

Long-Term Performance-Based Incentives. The compensation committee determines the long-term incentive grants for the executive officers, including the named executive officers, by reviewing peer group market data analysis from its compensation consultant, impact of share usage and affordability, internal equity, and recommendations from the CEO, among other factors. The compensation committee believes the current mix of performance and service-based incentives aligns the interests of executive officers with our stockholders and was appropriate for 2020.

The 2020 long-term incentive grants for named executive officers consisted of a mix of equity awards in the form of a long-term performance-based incentive component payable in performance stock units (PSUs) (50%), non-qualified stock options (25%), and restricted stock units (25%). These awards are designed to focus management on our strategy of driving consistent, sustainable, achievement of long-term goals, both incrementally and over long performance periods. The annual granting of multi-year performance compensation is designed to ensure the execution of our evolving strategic plan, consider appropriate risks and returns, and allow for initiatives that span several fiscal years.

2020 Long-Term Incentive Grants



Beginning in 2017 and continuing through 2019, the long-term performance-based incentive component became payable if annual targets selected by the committee are achieved for that tranche within the three-year performance period. When the performance measure has been met and approved by the compensation committee for a particular tranche during the three-year period of the award, that portion of units is determined but remains subject to a service-vesting requirement until the three-year period has concluded. That determined portion of units is considered “earned,” but is not considered vested and will not be delivered until the applicable three-year period has concluded subject to continued employment on such date. The annual metrics are independent of each other. For the third tranche of the 2018 long-term incentive grant and the second tranche of the 2019 grant, the compensation committee selected Adjusted EBITDA. For the second tranche of the 2018 grant and the first tranche of the 2019 grant, the compensation committee selected an earnings metric (Adjusted EBITDA) and a cash return on investment capital metric (CROIC) in the design to achieve a balance between earnings and return on investment and to effectively reward both. For the first tranche of the 2018 long-term incentive grant, the compensation committee selected an earnings metric (Adjusted EBITDA) and an operational metric (Relative Guest Traffic) in the design to achieve a balance between earnings, growth, and driving Guest traffic relative to the restaurant industry (not limited to casual dining) and to effectively reward both. In 2020, the committee returned to setting long term performance goals measured over a multi-year performance period and selected a relative total shareholder return (TSR) metric. Like the goals in our annual performance-based plan, the goals used in our long-term performance-based incentive component are intended to be “stretch” goals, or challenging targets, and are meant to encourage superior performance.

The temporary transition to annual goals measured and assessed over a three-year period reflected the challenges of multi-year forecasting in a volatile restaurant operating environment, which continues to be impacted by changes in traditional consumer dining behavior, including a shift from traditional dine-in consumption to increased off-premise dining activity and the use of technology-based food ordering systems. In 2020, the compensation committee returned to setting goals over a multi-year period.

The 2017 Plan permits the compensation committee to make adjustments, in its discretion, for non-cash, non-recurring, or unusual items. In 2020, all long-term performance-based incentive awards were granted under the 2017 Plan.

Employee Benefits

We also provide certain other customary retirement and health and welfare benefits and other ancillary compensation to executives, which are in line with those offered to other groups of our employees, and which comprise a modest portion of our named executive officer compensation.

Modest Perquisites

We offer a limited number of modest perquisites to our named executive officers, which include a car allowance, phone allowance, and in-restaurant meal discounts. In addition, where appropriate, we offer usual and customary relocation expense reimbursements including related tax reimbursements on relocation. We review the perquisites we offer to our executives and compare them to those offered by our competitors from time to time.

SUMMARY OF 2020 COMPENSATION ACTIVITY

Base Salary

Named executive officer salaries for 2020, along with any corresponding increases from their 2019 salaries, are set forth below. The compensation committee considers various factors when setting base salaries including peer compensation practices, market competitiveness, the Company's performance, individual contributions, growth in roles, retention, CEO recommendations for the CEO's direct reports, and other relevant matters. Amounts below are annualized for those that served in role for partial year and do not reflect that base salaries of our named executive officers were temporarily reduced by 20% effective March 30, 2020 through October 5, 2020 in an effort to reduce costs and conserve liquidity during the pandemic. Executive team members did not receive repayment for the lost wages when payment was restored.

<u>Named Executive Officer</u>	<u>2019 Salary</u>	<u>2020 Salary</u>	<u>% Change</u>
Paul J.B. Murphy III(1)	\$900,000	\$900,000	0%
Lynn S. Schweinfurth(1)	\$450,000	\$470,000	4.4%
Jonathan A. Muhtar	\$425,000	\$445,000	4.7%
Michael L. Kaplan	\$400,000	\$400,000	0%
Michael Buchmeier	\$300,000	\$300,000	0%
<i>Former Executive</i>			
Dean Cookson	\$340,000	\$340,000	0%

(1) Mr. Murphy and Ms. Schweinfurth commenced employment with the Company during fiscal year 2019. The 2019 amounts above are annualized.

Incentive-Based Compensation

2020 Annual Performance-Based Cash Incentives. For the primary component (70% weight) of our 2020 annual performance-based cash incentive program, actual payouts were determined by comparing the Company's fiscal year Adjusted EBITDA to a target level of Adjusted EBITDA for the year established by our compensation committee. Potential payout amounts ranged from 0% to 200% of the executive's target opportunity based on achievement of Adjusted EBITDA ranging from 85% to 115% of the target level of Adjusted EBITDA for the year. The committee believes the 2020 EBITDA goals were rigorous and demonstrated our commitment to a pay for performance philosophy.

Adjusted EBITDA Target and Preliminary Annual Incentive %		
<i>Proportion of Adjusted EBITDA Target Achieved</i>		<i>Payout as a % of Target</i>
Minimum	85%	25%
Target	100%	100%
Maximum	≥115%	200%

The 2020 annual performance-based cash incentive program was also based on three strategic performance targets: implementation of our TGX hospitality model (10% weight), rollout of Donatos® pizza to 95 locations (10% weight), and system implementation of the new Digital Guest Journey online ordering platform (10% weight). Each initiative is measured independently, and the target bonus is earned for each strategic initiative only if the project target is achieved. With a significantly refreshed board, new CEO, and new transformation strategy, the strategic components of the annual performance-based cash incentive were adjusted to align with updated 2020 strategic priorities which were focused on growth and the Guest experience. Significant progress had been made in the areas of off-premise sales and overall guest satisfaction, the strategic goals used in the 2019 annual performance-based cash incentive program, which set us up for significantly increased off-premise business in 2020.

Strategic Target	Payout Opportunity %
TGX hospitality model rollout	10%
Donatos® rollout (95 locations)	10%
Digital Guest Journey implementation	10%

In 2020, one of the three strategic initiatives was achieved based on the implementation of the TGX hospitality model. The Adjusted EBITDA financial target and two other strategic performance targets were not met and did not result in payout. Based on actual performance during 2020, the total annual

corporate bonus earned by our NEOs was 10%. Performance goals were set prior to the onset of the COVID-19 pandemic and ongoing incentive programs were not reset during the pandemic.

2020 Annual Performance-Based Cash Incentive Goal, Achievement, and Payout						
Bonus Component—Financial	Target Performance (dollars in thousands)	Actual Performance (dollars in thousands)	Achievement Percentage	Payout Achieved (before weighting)	Weighting %	Actual Bonus Percentage Earned
Adjusted EBITDA	\$104,000	(\$ 33,100)	0.00%	0.00%	70%	0.00%
Bonus Component—Strategic					Weighting %	Actual Bonus Percentage Earned
TGX					10%	10.00%
Donatos Rollout					10%	0.00%
Digital Guest Journey					10%	0.00%
Total					100%	10.00%

Each of our named executive officers has a target annual incentive opportunity expressed as a percentage of the executive’s salary and is set based on, among other factors, market and peer comparisons, and internal equity. The target and actual amounts of our annual performance-based cash incentives paid to our named executive officers in March 2021 for 2020 performance are as follows:

Named Executive Officer	2020 Annualized Salary	Target (% of Actual Salary)	\$ Amount at Target	2020 Actual Payout
P. Murphy III	\$900,000	120%	\$1,080,000	\$108,000
L. Schweinfurth	\$470,000	75%	\$ 352,500	\$ 35,250
J. Muhtar	\$445,000	75%	\$ 333,750	\$ 33,375
M. Kaplan	\$400,000	70%	\$ 280,000	\$ 28,000
M. Buchmeier	\$300,000	60%	\$ 180,000	\$ 18,000
<i>Former Executive(1)</i>				
D. Cookson	\$340,000	60%	\$ 204,000	—

(1) Mr. Cookson was not eligible to receive a payout from the annual performance-based cash incentive program because he was no longer employed at the Company at the end of the performance period.

2020 Recognition Awards. 2020 began as a pivotal year of transformation for the Company and we entered the year with accelerating business momentum. Under a significantly refreshed board and a new CEO, Paul Murphy, the Company was making measurable progress on its turnaround plan. To that end, through the first eight weeks of 2020, the Company grew comparable restaurant revenue by 3.7%, driven in part by positive Guest count growth. Then, the COVID-19 crisis forced the Company to adjust and respond to the impact of the pandemic.

With the onset of the pandemic in early 2020, the Company entered an unprecedented time for our Guests, Team Members, business, and industry. The pandemic brought forth complex challenges including severe limitations on dine-in capacity that materially reduced our traffic and sales and challenged our liquidity. With the health, safety, and well-being of Red Robin’s Team Members, Guests, and communities as our top priority, we successfully shifted restaurants to an off-premise only model and took

action to preserve liquidity, enhance financial flexibility, and help mitigate the impact of COVID-19 on our business and to set ourselves up for the eventual recovery. Despite the challenges of the pandemic, we were able to significantly improve our operating and financial model. The material improvements we made to our business will enable us to resume our transformation strategy in an even stronger position as we emerge from the pandemic.

Through the pandemic, our CEO kept management focused on three priorities: (1) be a brand that survives the pandemic, (2) bring as many Team Members through the pandemic with the Company as possible, and (3) continue to make progress on the transformation strategy to position the Company well to thrive post-pandemic and beyond. These priorities also guided 2020 compensation actions, which included a temporary 20% reduction to executive officer and board member cash compensation and a shift to total shareholder return as the performance metric for our long-term incentive plan.

Despite the challenges raised during the COVID-19 pandemic, we made significant progress on our transformation strategy during 2020 to solidify our financial longevity and develop a more robust business model. Achievements during 2020 that the compensation committee wished to recognize include:

- ✓ Significantly grew off-premise sales, increasing 136.2%, comprising 41.1% of total food and beverage sales in 2020;
- ✓ Continued Donatos® roll-out, in 79 restaurants as of December 27, 2020;
- ✓ Structurally improved restaurant and enterprise level margin for the long-term compared to 2019;
 - Reduced our menu by over one-third, improving operational execution and resulting in over \$2 million in annual savings;
 - Implemented a new management labor structure which provides better supervisory coverage during peak hours, and increases flexibility resulting in approximately \$14 million in annual savings (excluding labor savings associated with closed restaurants);
 - Optimized our portfolio by completing lease negotiations for more than 75% of Company-owned restaurants resulting in 3% to 4% in occupancy expense savings over the remaining lease terms, as well as permanently closing select restaurants; and
 - Drove a permanent annual reduction in general and administrative expenses by more than 10%, or approximately \$10 million, prior to future growth drivers and other inflationary costs.
- ✓ Reduced costs are expected to result in permanent incremental enterprise-level margin improvement of more than 100 basis points, as the Company returns to pre-COVID sales volumes;
- ✓ Accelerated the implementation of our TGX hospitality model, which combines technology and improved service coverage to deliver an elevated and more attentive Guest experience. TGX improved speed of service (including decreased ticket and window times), increased cleanliness scores, and contributed to our highest ever product quality and overall Guest satisfaction scores; and
- ✓ Increased web traffic to drive a record number of Guests to our website, as well as increased social media engagement and the highest number of total followers.

Our Team Members, including the named executive officers, received a one-time discretionary cash recognition award in March 2021 for their extraordinary efforts during 2020. This discretionary bonus was a

one-time award. The award was broad-based, recognizing all bonus eligible Team Members which includes the restaurant management level and above. The compensation committee chose to recognize and reward Team Members through a one-time discretionary award for the resilience, dedication, and leadership of our Team Members during a truly unprecedented and extraordinary year instead of altering ongoing incentive programs or repaying salaries that were reduced by 20% for a portion of the year. The compensation committee determined that the one-time discretionary recognition awards were important and in the best interest of stockholders to reward and retain the Team Members, including our NEOs, who navigated the Company through the COVID-19 pandemic to overcome the initial reduction in dine-in traffic and build sales through off-premise, made progress on our transformation strategy despite such challenges, and set the Company up for success during the dine-in recovery and beyond. This progress is demonstrated when you compare the Company's stock price low of \$4.04 during the height of the pandemic and the Company's recent stock price at \$37.73 (market close as of March 12, 2021).

The table below itemizes the one-time discretionary cash bonus awarded to our named executive officers:

Name	Discretionary Bonus
P. Murphy III	\$162,000
L. Schweinfurth	\$ 52,875
J. Muhtar	\$ 50,063
M. Kaplan	\$ 42,000
M. Buchmeier	\$ 27,000

In addition to the discretionary bonus provided to Team Members described above, Mr. Buchmeier was awarded an additional one-time \$50,000 discretionary bonus to reflect the interim assumption of Chief Operating Officer responsibilities during 2020 in addition to his duties as Chief People Officer for almost the entirety of the year.

The 10% earned 2020 annual performance-based cash incentive together with the 15% discretionary bonus received by the named executive officers resulted in a total bonus payout for 2020 of approximately 25% of target, as set forth below:

Name	Target Bonus %	Target Bonus \$	Earned Bonus	Discretionary Bonus (15%)	Additional Bonus	Total Bonus
P. Murphy III	120%	\$1,080,000	\$108,000	\$162,000		\$ 270,000
L. Schweinfurth	75%	\$ 352,500	\$ 35,250	\$ 52,875		\$ 88,125
J. Muhtar	75%	\$ 333,750	\$ 33,375	\$ 50,063		\$ 83,438
M. Kaplan	70%	\$ 280,000	\$ 28,000	\$ 42,000		\$ 70,000
M. Buchmeier	60%	\$ 180,000	\$ 18,000	\$ 27,000	\$50,000(1)	\$ 95,000

(1) As noted above, Mr. Buchmeier received an additional discretionary bonus of \$50,000 for serving as both the interim COO and CPO for almost the entirety of 2020.

2020 Long-Term Incentive ("LTI") Program. The 2020 LTI grants made to our named executive officers consisted of 50% payable in performance stock units, 25% payable in restricted stock units, and 25% payable in non-qualified stock options.

2020 Long-Term Incentive Grants. In March and April 2020, the Company made the following annual grants to our named executive officers for the 2020-2022 long term incentive program:

<u>Named Executive Officer</u>	<u>Total Long-Term Incentive Target Value (\$)</u>	<u>Long-Term Incentive PSUs (\$)</u>	<u>Time-Based Restricted Stock Units (\$)</u>	<u>Non-Qualified Stock Options (\$)</u>
P. Murphy III	3,000,000	1,500,000	750,000	750,000
L. Schweinfurth	611,000	305,500	152,750	152,750
J. Muhtar	645,251	322,625	161,313	161,313
M. Kaplan	440,000	220,000	110,000	110,000
M. Buchmeier	210,000	105,000	52,500	52,500
<i>Former Executive</i>				
D. Cookson	238,000	119,000	59,500	59,500

The amounts listed in the table above represent the target intended value of the grant and amounts may differ from the accounting values provided in the Summary Compensation Table below. The fair value of the restricted stock units and performance stock units is based on the grant date market value of the common shares.

Long-Term Performance-Based PSUs. For the 2020-2022 long-term incentive grants, 50% was comprised of equity grants in the form of PSUs, as follows:

<u>Named Executive Officer</u>	<u>Long-Term Incentive PSUs</u>	<u>Grant Date Fair Value (\$)(1)</u>
P. Murphy III	127,011	1,500,000
L. Schweinfurth	25,867	305,489
J. Muhtar	27,317	322,614
M. Kaplan	18,628	219,997
M. Buchmeier	8,890	104,991
<i>Former Executive</i>		
D. Cookson(2)	10,076	118,998

(1) Target PSUs are rounded down to the nearest whole share and therefore may differ slightly from the target award value.

(2) The PSU award for Mr. Cookson was forfeited upon his termination.

In 2020, the committee returned to setting long term performance goals measured over a multi-year performance period through 2022 and selected a relative total shareholder return (TSR) metric.

For the 2020 tranche of the 2018-2020 and 2019-2021 ongoing long-term incentive programs, the performance-based incentive metrics for the PSUs was Adjusted EBITDA. No PSUs are earned if threshold performance objectives are not met and up to 200% of the target number of PSUs will be earned if maximum performance objectives are achieved. From 2018 to 2020, the long-term performance-based incentive targets were set annually as a result of the current volatile restaurant operating environment, but no payout can be earned until the end of the three-year performance period. In 2020, the long-term performance-based incentive targets returned to a three-year performance period.

For purposes of the 2020 tranche of awards under our long-term performance-based incentive, potential payout amounts ranged from 0% to 200% of the executive's target opportunity based on

achievement of Adjusted EBITDA ranging from 85% to 115% of the target level of Adjusted EBITDA for the year.

2020 Tranche Payout Scale: Adjusted EBITDA & Target and Preliminary Payout %		
<i>Target Achieved</i>		<i>Payout as a % of Target</i>
Below Minimum	<85%	0%
Minimum	85%	25%
Target	100%	100%
Maximum	≥115%	200%

Based on actual performance during 2020, the long-term performance-based incentive percentage was below threshold and no amount was earned in respect of the 2020 tranche of outstanding long-term performance-based incentive awards.

2020 Tranche Long-Term Incentive Performance-based Incentive Goal, Achievement, and Payout						
LTI Component	<i>Target Performance Goal (in thousands)</i>	<i>Actual Performance (in thousands)</i>	<i>Achievement Percentage</i>	<i>Payout Achieved (before weighting)</i>	<i>Weighting %</i>	<i>Actual Bonus Percentage Earned</i>
Adjusted EBITDA	\$104,000	(\$33,100)	0.00%	0.00%	100%	0.00%
Total					100%	0.00%

2018-2020 Long-Term Performance-Based Incentives. At the end of 2020, the Company completed a three-year performance cycle for the long-term incentive portion of the LTI plan. The performance period covered fiscal years 2018 through 2020, with targets set annually. Based on Adjusted EBITDA and relative guest traffic in 2018, Adjusted EBITDA and CROIC performance in 2019, and Adjusted EBITDA performance in 2020, our named executive officers earned a minimal payout for performance in fiscal year 2018 and 2019 only, as reflected in the table below.

2018-2020 Cumulative Long-Term Incentive Performance Achievement			
<i>Tranche</i>	<i>Weight</i>	<i>Metrics/Weighting</i>	<i>Award (% of Target)</i>
Tranche #1 (Fiscal 2018)	33.33%	Adjusted EBITDA (50%) Rel. Guest Traffic (50%)	43.25%
Tranche #2 (Fiscal 2019)	33.33%	Adjusted EBITDA (50%) CROIC (50%)	13.46%
Tranche #3 (Fiscal 2020)	33.33%	Adjusted EBITDA (100%)	0%
Total	100.00%		18.90%

As illustrated in the table above, the compensation committee varied the performance metrics for each year of the 2018-2020 Long-Term Performance-Based Incentives. This decision was made to keep executives focused on key metrics that aligned with the business objectives for that year. Adjusted EBITDA has been a steady and key metric to measure management performance and create stockholder value. The other metrics were identified key initiatives for that particular year. We believe all of the chosen metrics support our management team's alignment with stockholders. Further, we believe the below target payouts demonstrate our commitment to a pay for performance philosophy.

Restricted Stock Units and Non-Qualified Stock Options. The restricted stock units and non-qualified stock options granted in 2020 vest ratably over three years on each anniversary date of the grant, which is designed to align incentives with longer-term achievement of objectives. The exercise price of the stock options was set at our closing share price on the date of grant. This means the stock options will have no value unless our share price on the date the option is exercised is greater than the exercise price.

Deductibility of Executive Compensation

The compensation committee considers the tax impacts of material elements of our executive compensation program. These factors alone do not drive our compensation decisions, but rather they are considered along with other factors such as the cash and non-cash impact of the program, and whether the program is consistent with our compensation objectives.

Historically, the compensation committee had generally structured our executive compensation in a manner designed to qualify for deductibility under the performance-based compensation exception from the limitation otherwise applicable under Section 162(m) of the Internal Revenue Code. The performance-based compensation exception has been repealed, effective for taxable years beginning after December 31, 2017, such that compensation paid to our named executive officers in excess of \$1 million is generally not deductible.

Due to ambiguities and uncertainties in the application and interpretation of Section 162(m) and the regulations issued thereunder, including the uncertain scope of potential transition relief under the legislation repealing Section 162(m)'s exemption from the deduction limit, no assurance can be given that compensation intended to satisfy the requirements for exemption from Section 162(m) in fact will. Further, while we consider deductibility as one factor in determining executive compensation, in some cases we may decide it is either not possible or desirable to satisfy all of the conditions of Section 162(m) for deductibility and still meet our compensation needs. Accordingly, we may pay compensation that is not deductible under Section 162(m) from time to time.

2021 COMPENSATION PROGRAM

The Company continually assesses our compensation program to ensure it supports our business strategy and situation. For 2021, the annual incentive plan includes performance targets related to major strategic initiatives in addition to a significant portion based on the Adjusted EBITDA goal. The long-term incentive program mix was adjusted to consist of 50% weighted in PSUs and 50% weighted in RSUs for the named executive officers, which maintains a significant portion of executive compensation based on stockholder return. The 2021 long-term incentive program includes the setting of pre-established performance target goals for a multi-year performance period. The compensation committee selected relative total shareholder return (TSR) as the metric to be measured over the multi-year performance period for PSU awards.

GOVERNANCE OF EXECUTIVE COMPENSATION

- ✓ Pay for performance-focused executive compensation structure, with a significant portion of pay “at-risk”
- ✓ Independent compensation committee approves executive compensation structure and performance goals
- ✓ Independent compensation consultant advises the compensation committee
- ✓ Payouts under our annual and long-term incentive compensation plans are capped
- ✓ Long-term incentives feature multiple components; performance is measured over multi-year periods with value dependent on share price
- ✓ Double trigger required for cash severance and equity vesting upon change in control (other than certain performance awards)
- ✓ Meaningful stock ownership guidelines for executives and board members
- ✓ Formal policy prohibiting hedging and pledging of Company securities by executive officers and directors
- ✓ Clawback policy for the return of certain cash and equity executive incentive compensation in the event of a financial restatement
- ✓ No excessive perks
- ✓ No incentivizing of short-term results to the detriment of long-term goals and results
- ✓ Compensation practices are appropriately structured to avoid incentivizing excessive risk taking
- ✓ No excise tax gross ups for change in control related situations
- ✓ No repricing of underwater options without stockholder approval

Executive Stock Ownership Guidelines

Stock ownership guidelines have been in effect for the Company’s executive officers and directors since March 2009. The compensation committee believes that executive stock ownership requirements increase alignment of executive interests with those of stockholders with respect to long-term ownership risk. The guidelines require executive officers to achieve during the term of the executive’s employment a dollar value of Company’s securities based on a multiple of base salary. The current ownership guidelines require our CEO to own five times base salary, three times base salary for executive vice presidents, and two times base salary for senior vice presidents. Pursuant to the guidelines, the value of the executive’s holdings is based on the cumulative cost basis of Company securities held, which is calculated using the price of the Company’s common stock at the date of acquisition. All forms of equity owned of record or beneficially, including vested in-the-money options, are credited toward the guidelines. The executive officers have five years to achieve the guidelines from their effective date of employment or promotion date. An executive officer may receive additional time to achieve his or her minimum requirement if the officer’s requirement is increased, calculated based on the additional incremental amount, and the committee may otherwise exercise discretion in extending the time for compliance in other circumstances.

All of our executive officers are currently in compliance or on track to be in compliance with their current guidelines.

Compensation Clawback Policy

The Company's board of directors maintains a compensation clawback policy for its executive officers that provides for the recoupment by the Company of certain excess incentive compensation paid to the officers under certain circumstances. In the event of a restatement of the Company's previously issued financial statements as a result of either (i) material non-compliance with financial reporting requirements under the securities law or (ii) intentional misconduct by an executive, the Company may recover, to the extent permitted by law, certain incentive compensation, including equity and cash awards, received by the executive that was in excess of what would have been paid in the absence of the incorrect financial statements. If additional clawback rules are approved by the SEC, the Company will review and revise its clawback policy to comply with the new rules.

Pledging and Hedging Transactions in Company Securities

The board has a policy prohibiting hedging and pledging of Company securities by executive officers and directors.

Anti-Hedging Policy

Hedging transactions may permit an executive officer or director to continue to own the Company's securities obtained through an employee benefit plan or otherwise, but without the full risks and rewards of ownership. When this occurs, the executive officer or director may no longer have the same objectives as the Company's other stockholders. Therefore, executive officers and directors are prohibited from engaging in any hedging transactions with respect to the Company's securities, including, without limitation, through the use of financial instruments, such as prepaid variable forward contracts, equity swaps, collars, and exchange funds.

Anti-Pledging Policy

Pledging of Company securities by an executive officer or director as collateral for a loan or holding such securities in a margin account may result in the executive officer or director having interests that are no longer aligned with the long-term interests of the Company's other stockholders because of such executive officer or director potentially being immune to the economic exposure to the pledged securities. Additionally, if pledged securities were forced to be sold, potentially without the consent of an executive officer or director due to a failure to meet a margin call or the default on a loan, there may be a violation of the Company's Insider Trading Policy if the foreclosure or margin sale happens at a time that the executive officer or director is aware of material non-public information or otherwise prohibited from trading. Also, any such sale may result in a possible violation of Section 16 of the Securities Exchange Act of 1934, as amended, as well as subject the Company to negative publicity. Accordingly, executive officers and directors are prohibited from making pledges of Company securities as collateral for a loan, or otherwise holding Company securities in a margin account.

Executive Employment Agreements

Each of Mr. Murphy, Ms. Schweinfurth, Mr. Muhtar, and Mr. Kaplan has an employment agreement with the Company, described below under "Executive Employment Agreements." Except for Mr. Murphy's, the employment agreements have indefinite terms, terminating on discontinuance of employment in accordance with the terms of the agreements. The agreements provide for severance payments upon certain terminations of employment. The compensation committee believes the terms of these agreements

together with the Change in Control Plan are in line with market standards and are an important means to allow management to continue to focus on running the business of the Company in the event of a pending or actual change in control event or other event potentially affecting their employment. More detailed information concerning these severance payments appears below under the caption "Potential Payments upon Termination or Change in Control."

COMPENSATION COMMITTEE REPORT

The compensation committee has reviewed and discussed the Compensation Discussion and Analysis contained in this proxy statement with the Company's management. Based on this review and discussion, the compensation committee recommended to the Company's board of directors that the Compensation Discussion and Analysis be included in this proxy statement.

THE COMPENSATION COMMITTEE

Kalen F. Holmes, Chair
Cambria W. Dunaway
G.J. Hart
David A. Pace

2020 EXECUTIVE COMPENSATION TABLES

Summary Compensation Table

The following table sets forth summary information concerning compensation awarded to, earned by, or accrued for services rendered to the Company in all capacities by our principal executive officer, principal financial officer, and each of our three other most highly compensated executive officers who were serving as executive officers at the end of fiscal year 2020 (collectively, the named executive officers), for fiscal years 2018 through 2020:

Name and Principal Position	Year	Salary (\$)(4)	Bonus (\$)(5)	Stock Awards (\$)(6)	Option Awards (\$)(7)	Non-Equity Incentive Plan Compensation (\$)(8)	All Other Compensation (\$)(9)	Total (\$)
Paul J.B. Murphy III(1) President and Chief Executive Officer	2020	806,539	387,000	2,249,992	749,997	108,000	17,976	4,319,504
	2019	180,000	275,000	1,599,996	-	-	8,162	2,063,158
Lynn S. Schweinfurth(2) Executive Vice President and Chief Financial Officer and Interim Chief Information Officer	2020	416,578	52,875	458,234	152,747	35,250	102,027	1,217,711
	2019	398,077	311,000	939,934	-	-	110,570	1,759,581
Jonathan A. Muhtar Executive Vice President and Chief Concept Officer	2020	394,174	50,063	483,921	161,309	33,375	23,071	1,145,913
	2019	425,000	200,000	594,968	-	170,424	24,610	1,415,002
	2018	416,059	-	356,904	237,985	-	13,388	1,024,336
Michael L. Kaplan Executive Vice President and Chief Legal Officer	2020	358,462	42,000	329,994	109,996	28,000	13,620	882,072
	2019	387,885	200,000	328,486	-	128,531	13,274	1,058,176
	2018	355,865	-	197,041	131,384	-	14,070	698,360
Michael Buchmeier Senior Vice President and Chief People Officer and Interim Chief Operating Officer	2020	268,847	77,000	157,486	52,500	22,337	22,196	600,366
<i>Former Executive</i>								
Dean Cookson(3) Former Senior Vice President and Chief Information Officer	2020	213,154	-	178,492	59,499	-	368,311	819,456
	2019	340,000	150,000	487,963	-	67,402	12,956	1,058,321

- (1) Mr. Murphy joined the Company in October 2019. The base salary reported for Mr. Murphy in 2019 is prorated for the period of time he provided services to us in 2019. Mr. Murphy's annual base salary in 2019 was \$900,000.
- (2) Ms. Schweinfurth joined the Company in January 2019. The base salary reported for Ms. Schweinfurth in 2019 is prorated for the period of time she provided services to us in 2019. Ms. Schweinfurth's annual base salary in 2019 was \$450,000.
- (3) Mr. Cookson resigned from his role as Senior Vice President and Chief Information Officer effective as of August 28, 2020. The amount in the "All Other Compensation" column includes a payment pursuant to Mr. Cookson's separation agreement.
- (4) Amounts shown are not reduced to reflect the named executive officers' elections, if any, to defer receipt of salary into the Deferred Compensation Plan.
- (5) Amounts under Bonus represent one-time sign-on bonuses received by Mr. Murphy in 2019 and 2020 and by Ms. Schweinfurth in 2019, in connection with their initial appointments with the Company pursuant to their employment agreements. In addition, the amount for Ms. Schweinfurth includes her guaranteed minimum bonus of \$211,000 for fiscal year 2019, her first year at the Company, pursuant to

her employment agreement. In 2019, amounts for each of Messrs. Muhtar, Kaplan, and Cookson represent one-time cash retention awards of \$200,000, \$200,000, and \$150,000, respectively. In 2020, amounts for each of Mr. Murphy, Ms. Schweinfurth, Mr. Muhtar, Mr. Kaplan, and Mr. Buchmeier represent one-time cash recognition awards of \$162,000, \$52,875, \$50,063, \$42,000, and \$77,000, respectively.

- (6) Amounts under Stock Awards represent the aggregate grant date fair value of restricted stock units and performance stock units awarded in 2020 (in the case of the PSUs, based on relative TSR performance), computed in accordance with the accounting guidance for accounting for stock compensation for fiscal years 2020, 2019, and 2018. See “Outstanding Equity Awards at 2020 Fiscal Year-End” below for a listing of restricted stock unit and PSU awards outstanding for each named executive officer as of December 27, 2020.
- (7) Amounts under Option Awards represent the aggregate grant date fair value of such awards computed in accordance with the accounting guidance for accounting for stock compensation for fiscal years 2020 and 2018. See Note 15 to our financial statements included in our annual report on Form 10-K for the fiscal years ended December 27, 2020 and December 30, 2018, for descriptions of the methodologies and assumptions we used to value option awards.
- (8) The amount shown for each named executive officer in the “Non-Equity Incentive Plan Compensation” column is reported for the year in which such amount is earned, even though it is paid in the immediately following year. Amounts in the 2020 “Non-Equity Incentive Plan Compensation” column above consist of the following payments to the named executive officers. Amounts shown are not reduced to reflect the named executive officers’ elections, if any, to defer receipt of the annual incentive award payout into the Deferred Compensation Plan.

Named Executive Officer	2020 Annual Performance-Based Cash Incentive Payout (\$)	2018 LTI Cash Award Payout (\$)	Total (\$)
Paul J.B. Murphy III	108,000	-	108,000
Lynn S. Schweinfurth	35,250	-	35,250
Jonathan A. Muhtar	33,375	-	33,375
Michael L. Kaplan	28,000	-	28,000
Michael Buchmeier	18,000	4,337	22,337
<i>Former Executive(1)</i>			
Dean Cookson	-	-	-

(1) Mr. Cookson was not eligible to receive any payout under the plans in this table.

(9) Amounts in the “All Other Compensation” column consist of the following payments we paid to or on behalf of the named executive officers.

Name	Year	Car Allowance (\$)(a)	Company Match under 401(k) Plan (\$)	Moving Expenses & Other Payments (\$)(b)	Separation of Service Agreement payments (\$)(c)	Other (\$)(d)
Paul J.B. Murphy III	2020	15,000	-	-	-	2,976
Lynn S. Schweinfurth	2020	10,200	-	89,120	-	2,707
Jonathan A. Muhtar	2020	10,200	9,985	-	-	2,886
Michael L. Kaplan	2020	10,200	-	-	-	3,420
Michael Buchmeier	2020	10,200	9,502	-	-	2,493
<i>Former Executive</i>						
Dean Cookson	2020	7,454	9,823	-	348,812	2,222

- (a) All executives and certain other employees receive monthly car allowances.
- (b) Represents moving expenses reimbursable by the Company pursuant to the executive’s employment agreement or offer letter. The amount includes \$12,641 of tax reimbursements related to moving expenses.
- (c) Amounts payable to Mr. Cookson under his separation agreement include cash amounts of \$340,000 and \$8,812 in benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”).
- (d) Amounts in this column consist of payments made to or on behalf of the NEO for the following: monthly phone allowance (all executives and certain other employees receive monthly phone allowance), meal discounts (the amounts reported are valued at the incremental cost to our Company and are based on approximately 60% of the cost of the meal, which represents the average cost of goods and labor), long-term disability insurance and life insurance provided to executives and certain other employees (the value represents the premiums paid by the Company on behalf of the named executive officer), HSA contribution match, and leadership conference allowance where NEOs were permitted and encouraged to have spousal participation.

Grants of Plan-Based Awards

The following table provides additional information about equity awards and non-equity incentive plan awards granted to our named executive officers during 2020:

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock (#)(3)	All Other Option Awards: Number of Securities Underlying Options (#)(4)	Exercise or Base Price of Option Awards (\$)	Grant Date Fair Value of Option and Stock Awards (\$)(5)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)(2)	Maximum (#)				
Paul J.B. Murphy III		513,000	1,080,000	1,836,000	-	-	-	-	-	-	-
	3/25/2020	-	-	-	-	-	-	59,476	-	-	749,992
	3/25/2020	-	-	-	-	-	-	-	119,472	12.61	749,997
	4/9/2020	-	-	-	31,753	127,011	254,022	-	-	-	1,500,000
Lynn S. Schweinfurth		167,438	352,500	599,250	-	-	-	-	-	-	-
	3/25/2020	-	-	-	-	-	-	12,113	-	-	152,745
	3/25/2020	-	-	-	-	-	-	-	24,332	12.61	152,747
	4/9/2020	-	-	-	6,467	25,867	51,734	-	-	-	305,489
Jonathan A. Muhtar		158,531	333,750	567,375	-	-	-	-	-	-	-
	3/25/2020	-	-	-	-	-	-	12,792	-	-	161,307
	3/25/2020	-	-	-	-	-	-	-	25,696	12.61	161,309
	4/9/2020	-	-	-	6,829	27,317	54,634	-	-	-	322,614
Michael L. Kaplan		133,000	280,000	476,000	-	-	-	-	-	-	-
	3/25/2020	-	-	-	-	-	-	8,723	-	-	109,997
	3/25/2020	-	-	-	-	-	-	-	17,522	12.61	109,996
	4/9/2020	-	-	-	4,657	18,628	37,256	-	-	-	219,997
Michael Buchmeier		85,500	180,000	306,000	-	-	-	-	-	-	-
	3/25/2020	-	-	-	-	-	-	4,163	-	-	52,495
	3/25/2020	-	-	-	-	-	-	-	8,363	12.61	52,500
	4/9/2020	-	-	-	2,223	8,890	17,780	-	-	-	104,991
<i>Former Executive</i>											
Dean Cookson		96,900	204,000	346,800	-	-	-	-	-	-	-
	3/25/2020	-	-	-	-	-	-	4,718	-	-	59,494
	3/25/2020	-	-	-	-	-	-	-	9,478	12.61	59,499
	4/9/2020	-	-	-	2,519	10,076	20,152	-	-	-	118,998

- (1) Amounts reflect potential annual incentive payouts to the named executive officers which depend on satisfaction of Company Adjusted EBITDA, and the successful completion of three strategic initiatives in 2020. See “Compensation Discussion and Analysis—Key Components of our Executive Compensation Program—Incentive-Based Compensation—Annual Performance-Based Incentive” for further information.
- (2) Amounts reflect target payouts under long-term PSU awards granted under the 2017 Plan. The awards will cliff vest at the end of the 2020-2022 three-year performance cycle. Performance will be measured over the three years based on a range of minimum threshold, target, and maximum levels. Subject to certain continued employment requirements, the units are scheduled to vest at the end of the performance period if the Company meets certain total shareholder return objectives. The number of units that vest may be 0% to 200% of the target number of units, depending upon performance. Each performance stock unit, once vested, will entitle the named executive officer to receive one share of common stock. See the discussion under “Compensation Discussion and Analysis—Summary of 2020 Compensation Activity—Incentive-Based Compensation—2020 Long-Term Incentive (“LT”) Program.”
- (3) Comprises time-based restricted stock units granted pursuant to the 2017 Plan. Each restricted stock unit represents the contingent right to receive, upon vesting of the unit, one share of common stock. The units are scheduled to vest one-third on each of the first, second, and third anniversaries of the date of grant subject to continuing employment or service with the Company.
- (4) Options were granted pursuant to the 2017 Plan. The options are scheduled to vest one-third on each of the first, second, and third anniversaries of the date of grant subject to continuing employment or

service with the Company. Options are exercisable for ten years from the date of issuance, as defined in the 2017 Plan, subject to certain other conditions.

- (5) See Note 15 to our financial statements included in our annual report on Form 10-K for the fiscal year ended December 27, 2020 for descriptions of the methodologies and assumptions we use to value option and stock awards pursuant to the guidance for accounting for stock compensation.

Outstanding Equity Awards at 2020 Fiscal Year-End

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares That Have Not Vested	Market Value of Shares That Have Not Vested (\$)(18)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (\$)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(18)
Paul J.B. Murphy III	-	119,472	12.61(3)	3/25/2030	52,980(14)	1,064,898	127,011(17)	2,552,921
	-	-	-	-	59,476(15)	1,195,468	-	-
Lynn S. Schweinfurth	-	24,332	12.61(3)	3/25/2030	2,396(7)	48,160	-	-
	-	-	-	-	5,783(8)	116,238	-	-
	-	-	-	-	4,177(9)	83,957	-	-
	-	-	-	-	552(11)	11,095	4,102(16)	82,450
	-	-	-	-	2,362(12)	47,476	-	-
	-	-	-	-	12,113(15)	243,471	25,867(17)	519,927
Jonathan A. Muhtar	12,765	-	59.94	1/4/2026	-	-	-	-
	9,297	-	63.82	2/17/2026	-	-	-	-
	9,408	3,136	47.00(1)	2/24/2027	558(4)	11,216	-	-
	5,080	5,080	61.25(2)	3/15/2028	970(5)	19,497	-	-
	-	25,696	12.61(3)	3/25/2030	5,008(10)	100,661	-	-
	-	-	-	-	608(11)	12,221	4,520(16)	90,852
	-	-	-	-	12,792(15)	257,119	27,317(17)	549,072
Michael L. Kaplan	3,139	-	71.99	2/19/2024	-	-	-	-
	3,532	-	81.65	2/18/2025	-	-	-	-
	5,339	-	63.82	2/17/2026	-	-	-	-
	5,564	1,855	47.00(1)	2/24/2027	330(4)	6,633	-	-
	2,804	2,805	61.25(2)	3/15/2028	536(5)	10,774	-	-
	-	17,522	12.61(3)	3/25/2030	2,765(10)	55,576	-	-
	-	-	-	-	335(11)	6,733	2,496(16)	50,170
	-	-	-	-	8,723(15)	175,332	18,628(17)	374,423
Michael Buchmeier	29	-	34.71	6/24/2021	-	-	-	-
	940	314	47.00(1)	2/24/2027	55(4)	1,105	-	-
	489	490	61.25(2)	3/15/2028	93(5)	1,869	-	-
	-	8,363	12.61(3)	3/25/2030	3,163(6)	63,576	-	-
	-	-	-	-	534(10)	10,733	-	-
	-	-	-	-	65(11)	1,306	483(16)	9,708
	-	-	-	-	1,660(13)	33,366	-	-
	-	-	-	-	4,163(15)	83,676	8,890(17)	178,689
<i>Former Executive</i>								
Dean Cookson	-	-	-	-	-	-	-	-

- (1) Award of options granted on February 24, 2017 that vest 25% on each anniversary date of issuance and in full on February 24, 2021.
- (2) Award of options granted on March 15, 2018 that vest 25% on each anniversary date of issuance and in full on March 15, 2022.
- (3) Award of options granted on March 25, 2020 that vest 33⅓% on each anniversary date of issuance and in full on March 25, 2023.

- (4) Award of restricted stock units granted on February 24, 2017 that vest 25% on each anniversary date of issuance and in full on February 24, 2021.
- (5) Award of restricted stock units granted on March 15, 2018 that vest 25% on each anniversary date of issuance and in full on March 15, 2022.
- (6) Award of restricted stock units granted on October 1, 2018 that cliff-vest on October 1, 2021.
- (7) Award of restricted stock units granted on February 4, 2019 that vest 33⅓% on each anniversary date of issuance and in full on February 4, 2022.
- (8) Award of restricted stock units granted on February 4, 2019 that cliff-vest on February 4, 2022.
- (9) Award of restricted stock units granted on February 4, 2019 that vest 25% on each anniversary date of issuance and in full on February 4, 2023.
- (10) Award of restricted stock units granted on March 19, 2019 that vest 25% on each anniversary date of issuance and in full on March 19, 2023.
- (11) Represents the portion of the PSU Award granted on March 19, 2019 that was earned based on actual performance during fiscal years 2019 and 2020 but remains subject to executive's continued employment through the applicable vesting date.
- (12) Award of restricted stock units granted on April 3, 2019 that vest 33⅓% on each anniversary date of issuance and in full on April 3, 2022.
- (13) Award of restricted stock units granted on September 6, 2019 that vest 25% on each anniversary date of issuance and in full on September 6, 2023.
- (14) Award of restricted stock units granted on October 10, 2019 that cliff-vest on October 10, 2022.
- (15) Award of restricted stock units granted on March 25, 2020 that vest 33⅓% on each anniversary date of issuance and in full on March 25, 2023.
- (16) Represents the unearned portion of the PSU Award granted on March 19, 2019.
- (17) Represents the unearned portion of the PSU Award granted on April 9, 2020.
- (18) Based on the closing price of our common stock on December 24, 2020 of \$20.10 per share.

Options Exercises and Stock Vested

The following table contains information with respect to the named executive officers concerning option exercises and vesting of restricted stock units during fiscal year 2020:

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)	Number of Shares Acquired on Vesting #(2)	Value Realized on Vesting (\$)(2)
Paul J.B. Murphy III	-	-	-	-
Lynn S. Schweinfurth	-	-	3,772	95,062
Jonathan A. Muhtar	-	-	3,859	64,217
Michael L. Kaplan	-	-	2,161	36,537
Michael Buchmeier	-	-	868	11,705
<i>Former Executive</i>				
Dean Cookson	-	-	862	6,148

(1) Based on the amount by which the market price of our common stock on the date of exercise exceeded the exercise price of the option award.

(2) Represents restricted stock units vesting at 2020 fiscal year end. Values are based on the closing price of our common stock on the date of vesting. For Messrs. Muhtar and Kaplan, amounts also include performance stock units from the 2018-2020 performance incentive award vesting in 2020. Values for the performance stock units are based on the closing price of our common stock on the last trading day of the fiscal year.

Non-qualified Deferred Compensation

The following table shows information about the amount of contributions, earnings, and balances for each named executive officer under the Company's Deferred Compensation Plan as of December 27, 2020.

Name	Executive Contributions in Last Fiscal Year (\$)(1)	Registrant Contributions in Last Fiscal Year (\$)(1)	Aggregate Earnings (Loss) in Last Fiscal Year (\$)(2)	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at Last Fiscal Year-End (\$)(3)
Paul J.B. Murphy III	-	-	-	-	-
Lynn S. Schweinfurth	62,487	-	9,408	-	71,895
Jonathan A. Muhtar	-	-	-	-	-
Michael L. Kaplan	-	-	6,710	-	33,752
Michael Buchmeier	40,327	-	53,645	-	382,596
<i>Former Executive</i>					
Dean Cookson	-	-	-	-	-

(1) Executive Contributions in Last Fiscal Year and Registrant Contributions in Last Fiscal Year were reported as compensation to the relevant named executive officers in our Summary Compensation Table.

- (2) No portion of the Aggregate Earnings (Loss) in Last Fiscal Year was reported as compensation to the relevant named executive officers in our Summary Compensation Table.
- (3) All Aggregate Balance at Last Fiscal Year-End amounts reported in this column were reported as compensation to the relevant named executive officers in our Summary Compensation Table for previous years except for any earnings or losses on deferred amounts.

Red Robin Gourmet Burgers, Inc. Deferred Compensation Plan. The Red Robin Gourmet Burgers, Inc. Deferred Compensation Plan permits executives and other eligible employees to defer portions of their compensation. Under this plan, eligible employees may elect to defer up to 75% of their base salary and up to 100% of incentive compensation each plan year. The Company may make matching contributions in an amount determined by the compensation committee. For the 2020 plan year, the Company did not make matching contributions. The Red Robin 401(k) plan allows highly compensated employees to participate and receive Company matching contributions under the 401(k) plan.

The Company contributes all amounts deferred under the deferred compensation plan to a rabbi trust. Assets in the rabbi trust are invested in certain mutual funds that cover an investment spectrum ranging from equities to money market instruments. All rabbi trust assets remain available to satisfy the claims of the Company's creditors in the event of the Company's bankruptcy or insolvency.

When participants elect to defer amounts into the plan, they also select when the amounts ultimately will be distributed. Participants can elect to have deferrals for a particular year paid in a future year if the participant is still employed at that time. Such in-service distributions are made in the form of a lump sum or annual installments. Otherwise, payment of a participant's account is made a minimum of six months from participant's termination of employment in the form of a lump sum or up to 15 annual installments if the participant so elected at the time of deferral and if the participant's total account balance is at least \$50,000. A participant can elect to change a prior distribution election to further delay distribution provided that such new election must be provided at least 12 months before the date the previously scheduled distribution would have occurred and provided that the new distribution date is at least five years from the originally scheduled distribution date. A participant may obtain a withdrawal prior to the date otherwise scheduled or elected by the participant if the participant incurs an "unforeseeable emergency" (generally including illness, casualty losses, etc.).

With respect to deferrals after 2004, the plan is intended to comply with the requirements of section 409A of the Internal Revenue Code, which was enacted as part of the American Jobs Creation Act of 2004. The plan is a "non-qualified" plan for federal tax purposes, meaning the arrangements are deemed to be unfunded and an employee's interest in the plan is no greater than that of an unsecured general creditor of the Company.

EMPLOYMENT AGREEMENTS, SEPARATION ARRANGEMENTS, AND CIC PLAN

Executive Employment Agreements

Paul J.B. Murphy III Employment Agreement. Our employment agreement with Mr. Murphy, our President and Chief Executive Officer, dated September 2, 2019, has a term commencing on October 3, 2019 and continuing until December 31, 2022, unless terminated earlier in accordance with the employment agreement. The employment agreement shall only be renewed upon written confirmation by both parties of their intent to renew. Mr. Murphy's employment agreement provides him with an annual base salary of \$900,000, a target bonus of 120% of his base salary for 2020 (which may be subject to adjustment thereafter, but which shall not exceed 200%) and a target long-term incentive award value of \$3,000,000. Mr. Murphy also received a sign-on bonus equal to \$500,000, of which \$275,000 was paid at the time of the board's approval of the annual plan for the fiscal year 2020 and the remaining \$225,000

was paid on or about October 3, 2020, provided that, on a termination by us for cause or by him without good reason within 36 months after his start date, Mr. Murphy agrees to repay \$225,000 of the sign-on bonus, less \$6,250 for each full month of employment completed after his start date. Mr. Murphy also received a sign-on award of RSUs with a grant date fair value of \$1,600,000 that vests on the third anniversary of the grant date. Mr. Murphy's employment agreement also provides for a monthly car allowance of \$1,250, and reimbursement of legal fees incurred in connection with the employment agreement up to \$10,000.

The employment agreement provides that he is entitled to receive certain benefits upon termination of his employment not related to a change in control. If the Company terminates Mr. Murphy's employment without cause, or Mr. Murphy terminates his employment for good reason, Mr. Murphy will receive, among other things (a) continued payment of his annual base salary for a period of two years following the effective date of his termination of employment; (b) payment of a pro rata share of his annual bonus; (c) immediate vesting of his sign-on equity award; and (d) upon his timely election under COBRA, a cash payment equal to eighteen months of the Company portion of his health insurance premiums, including coverage for his dependents.

Good reason is defined in Mr. Murphy's employment agreement as a reduction in his compensation other than as permitted under the employment agreement, relocation of the Company's headquarters to a location more than 20 miles from the location prior to such relocation, any breach of a material provision contained in the employment agreement, or a significant reduction in the responsibilities of the chief executive officer; provided that the Company has 30 days to cure any such condition following Mr. Murphy's notice thereof (which notice is required to be provided within 90 days of the initial existence of the condition).

Cause is defined in Mr. Murphy's employment agreement as (a) his continual and deliberate gross neglect in the performance of his material duties; (b) his failure to devote substantially all of his working time to the business of the Company and its subsidiaries (other than as expressly permitted in the employment agreement); (c) his failure to follow the lawful directives of the board in any material respect; (d) his engaging in misconduct in connection with the performance of any of his duties, including, without limitation, falsifying or attempting to falsify documents, books or records of the Company or its subsidiaries, misappropriating or attempting to misappropriate funds or other property, or securing or attempting to secure any personal profit in connection with any transaction entered into on behalf of the Company or its subsidiaries; (e) his violation, in any material respect, of any policy or of any code or standard of behavior or conduct generally applicable to employees of the Company or its subsidiaries; (f) his breach of the material provisions of the employment agreement or any other non-competition, noninterference, non-disclosure, confidentiality or other similar agreement executed by him with the Company or any of its subsidiaries or other act of disloyalty to the Company or any of its subsidiaries (including, without limitation, aiding a competitor or unauthorized disclosure of confidential information); or (g) his engaging in conduct which is reasonably likely to result in material injury to the reputation of the Company or any of its subsidiaries, including, without limitation, commission of a felony, fraud, embezzlement or other crime involving moral turpitude; provided, that a termination for cause by the Company of any of the events described in clauses (a), (b), (d) and (e) above shall only be effective on 30 days advance written notification, providing him the opportunity to cure, if reasonably capable of cure within; provided, however, that no such notification is required if the cause event is not reasonably capable of cure or the board determines that its fiduciary obligation legally requires it to effect a termination of him for Cause immediately.

Lynn S. Schweinfurth Employment Agreement. Our employment agreement with Ms. Schweinfurth, our Chief Financial Officer, dated December 31, 2018, and amended effective June 11, 2019, has an indefinite term. Ms. Schweinfurth's employment agreement provides her with an annual base salary of \$450,000, a target bonus of 70% of her base salary for fiscal 2019 (which may be subject to adjustment

thereafter, but which shall not be less than \$211,000 for fiscal year 2019) and, for fiscal year 2019 a target long-term incentive award of 120% of her base salary. Ms. Schweinfurth also received a one-time cash sign on bonus equal to \$100,000, provided that on a termination for cause or without good reason within 24 full months after her start date, Ms. Schweinfurth agrees to repay the sign on bonus, less \$4,166.67 for each full month of employment completed after the start date. Ms. Schweinfurth also received sign-on awards of RSUs with a grant date fair value of \$115,000 that vests in equal installments on the first three anniversaries of the grant date and with a grant date fair value of \$185,000 that cliff vests on the third anniversary of the grant date. Ms. Schweinfurth's employment agreement also provides for a monthly car allowance of \$850 and reimbursement of relocation expenses incurred in connection with her relocation to Denver, Colorado of up to \$190,000.

The employment agreement provides that she is entitled to receive certain benefits upon termination of her employment not related to a change in control. If the Company terminates Ms. Schweinfurth's employment without cause, or Ms. Schweinfurth terminates her employment for good reason, Ms. Schweinfurth will receive, among other things, payment of an amount equal to one time her annual base salary.

Good reason is defined in Ms. Schweinfurth's employment agreement as a reduction in her compensation other than as permitted under the employment agreement, relocation of the Company's headquarters to a location more than 20 miles from the existing location, a willful breach of a material provision contained in the employment agreement, or a significant reduction in her then effective responsibilities; provided that the Company has 30 days to cure any such condition following Ms. Schweinfurth's notice thereof (which notice is required to be provided within 90 days of the initial existence of the condition).

Cause generally has the same definition in Ms. Schweinfurth's employment agreement as in Mr. Murphy's employment agreement, except the cure period is 10 days instead of 30 days.

Jonathan A. Muhtar Employment Agreement. Our amended and restated employment agreement with Mr. Muhtar, our Chief Concept Officer, dated August 20, 2018, has an indefinite term and provides him with an annual base salary of \$425,000, a target bonus of 70% of his base salary (but which would not be less than \$262,500 for fiscal year 2015) and, a target long-term incentive award of 140% of his base salary for fiscal year 2016. Mr. Muhtar received a one-time cash sign-on bonus of \$200,000 and a sign-on equity grant of RSUs with a grant date value of \$250,000 and stock options with a grant date value of \$250,000, in each case, that vest in equal installments on the first three anniversaries of the grant date. Mr. Muhtar's employment agreement also provides for a monthly car allowance of \$850 and provided that he was entitled to reimbursement of relocation expenses incurred in connection with his relocation to Denver, Colorado, including a tax gross up on such reimbursements, of \$170,000. Mr. Muhtar was required to repay the cash sign-on bonus, the grant date value of his sign-on equity grants, the guaranteed annual bonus for 2015, and the payments if he terminated his employment without good reason or we terminated him for cause prior to the first anniversary of his start date.

The employment agreement provides that he is entitled to receive certain benefits upon termination of his employment not related to a change in control. If the Company terminates Mr. Muhtar's employment without cause, or Mr. Muhtar terminates his employment for good reason, Mr. Muhtar will receive, among other things, payment of an amount equal to one times his annual base salary.

Good reason is defined in Mr. Muhtar's employment agreement as a reduction in his compensation other than as permitted under the employment agreement, relocation of the Company's headquarters to a location more than 20 miles from the existing location, a willful breach of a material provision contained in the employment agreement, or a significant reduction in his then-effective responsibilities; provided that

the Company has 30 days to cure any such condition following Mr. Muhtar's notice thereof (which notice is required to be provided within 90 days of the initial existence of the condition).

Cause generally has the same definition in Mr. Muhtar's employment agreement as in Ms. Schweinfurth's employment agreement.

Michael L. Kaplan Employment Agreement. Our amended and restated employment agreement with Mr. Kaplan, our Chief Legal Officer, dated August 20, 2018, has an indefinite term and provides him with an annual base salary of \$335,000, a target bonus of 70% of his base salary and, for 2014 a target long-term incentive award of 80% of his base salary. In addition, Mr. Kaplan received a sign on equity award in the amount of \$20,000 that vest in equal installments on the first, second, third, and fourth anniversaries of the grant date. Mr. Kaplan's employment agreement also provides for a monthly car allowance of \$833.33, and provided he was entitled to reimbursement of relocation expenses incurred in connection with his relocation to Denver, Colorado, including a tax gross up on such reimbursements, up to \$400,000 in the aggregate.

The employment agreement provides that he is entitled to receive certain benefits upon termination of his employment not related to a change in control. If the Company terminates Mr. Kaplan's employment without cause, or Mr. Kaplan terminates his employment for good reason, Mr. Kaplan will receive, among other things, (a) payment of an amount equal to one time his annual base salary; and (b) payment of an amount equal to the target amount of Mr. Kaplan's annual incentive for the fiscal year in which the effective date of termination occurs.

Good reason is defined in Mr. Kaplan's employment agreement as a reduction in his compensation other than as permitted under the employment agreement, relocation of the Company's headquarters to a location more than 20 miles from the existing location, a willful breach of a material provision contained in the employment agreement, or a significant reduction in the then-effective responsibilities of the chief legal officer; provided that the Company has 30 days to cure any such condition following Mr. Kaplan's notice thereof (which notice is required to be provided within 90 days of the initial existence of the condition).

Cause generally has the same definition in Mr. Kaplan's employment agreement as in Mr. Murphy's employment agreement, except that the cure period only applies to clause (a).

Each of the above agreements also contains standard confidentiality, non-competition, and non-solicitation provisions.

Change in Control Plan

The Company's employment agreements with its executive officers provide that such executive officers shall participate in the Company's Executive Change in Control Severance Plan, effective August 14, 2018 (the "Change in Control Plan"). Following a review of the Company's change in control benefits, which were set forth in individual agreements, the compensation committee found the benefits were below market and had inconsistent terms among various executives. The committee transitioned to the Change in Control Plan to adjust and adopt provisions consistent with the market and to provide consistent benefits across the executive team while enabling the Company to maintain the ability to differentiate benefits by title, lessen administrative burdens, ease the ability to modify benefits, and simplify negotiations in the future. The Change in Control Plan provides that if the executive's employment with the Company is terminated (a) by the Company without cause or (b) by the executive for good reason during the 24-month

period following a change in control, the executive is entitled to receive, among other things, the following payments and benefits:

- payment in a lump sum in cash of an amount equal to 2.0 (for the chief executive officer (pursuant to his employment agreement) and the executive vice presidents of the Company); or 1.0 (for the senior vice presidents of the Company), as applicable, times the sum of his or her (i) annual base salary and (ii) target annual incentive opportunity, payable within ten days following the date of termination;
- payment in a lump sum in cash of an amount equal to the pro rata portion of the executive's target annual incentive opportunity for the year in which the date of termination occurs, determined by multiplying such target annual incentive opportunity by a fraction, the numerator of which is the number of days in the then-current calendar year through the date of termination and the denominator of which is three hundred sixty-five, payable within ten days following the date of termination;
- upon the executive's timely election of continuation coverage under COBRA, payment in a lump sum in cash of an amount equal to the product of (i) the portion of premiums of the executive's group health insurance, including coverage for the executive's eligible dependents, if any, that the Company paid immediately prior to the date of termination and (ii) twenty-four months (in the case of the chief executive officer, president or any executive vice president of the Company) or twelve months (in the case of any senior vice president of the Company), as applicable; and
- all outstanding and unvested stock option and restricted stock awards subject solely to time-based vesting shall vest in full and any restrictions or forfeiture provisions applicable to restricted stock awards shall lapse, notwithstanding the provisions of any equity incentive plan or any award agreement(s) between the executive and the Company thereunder.

Generally, under the Change in Control Plan and subject to limited exceptions set forth in the Change in Control Plan, a change in control will be deemed to occur if any person acquires more than 30% of the outstanding common stock or combined voting power of the Company, if there are certain changes in a majority of our board of directors, if stockholders prior to a transaction do not continue to own more than 50% of the voting securities of the Company (or a successor or a parent) following a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of our subsidiaries, a sale or other disposition of all or substantially all of the Company's assets or the acquisition of assets or stock of another entity by us or any of our subsidiaries, or if the Company's stockholders approve a complete liquidation or dissolution of the Company. Good reason is defined as a reduction in the executive's compensation, relocation of the Company's headquarters to a location more than 20 miles from the existing location, a significant reduction in the then-effective responsibilities of the executive without the executive's prior written consent, or failure by the Company to obtain the assumption of the obligations contained in the change in control agreement by any successor to the Company.

None of our change in control provisions provide for an excise tax gross up payment for Internal Revenue Code Section 280G/4999 purposes. The board has determined not to enter into any agreements with a named executive officer that contain such an excise tax gross up provision.

Incentive Plans

Set forth below is a description of the change in control provisions contained within our 2017 Plan and our Second Amended and Restated 2007 Performance Incentive Plan (under which there are unvested awards currently outstanding). All outstanding awards under our 2004 Plan are vested.

2017 Plan, as Amended. Generally, and subject to limited exceptions set forth in the 2017 Plan, if any person acquires more than 50% of the outstanding common stock or combined voting power of the Company, if there are certain changes in a majority of our board of directors, if stockholders prior to a transaction do not continue to own more than 50% of the voting securities of the Company (or a successor or a parent) following a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of our subsidiaries, a sale or other disposition of all or substantially all of the Company's assets or the acquisition of assets or stock of another entity by us or any of our subsidiaries, or if the Company is dissolved or liquidated, then awards then outstanding under the 2017 Plan may become fully vested or paid, as applicable, and may terminate or be terminated upon consummation of such a change in control event; provided, that, pursuant to the amendment to the 2017 Plan approved in the Company's April 10, 2019 proxy statement, all awards, including awards of stock options and stock appreciation rights (but excluding performance-based awards) issued to individuals other than non-employee directors of the board shall be subject to a minimum vesting period of at least one year from the date of the award, and that all awards, including awards of stock options and stock appreciation rights, if any, to non-employee directors of the board shall be subject to a minimum vesting period ending no earlier than the next annual stockholders meeting or one year from the date of the award, whichever is earlier. However, unless the individual award agreement provides otherwise, with respect to executive and certain other high level officers of the Company, upon the occurrence of a change in control event, no award will vest unless such officer's employment with the Company is terminated by the Company without cause within the two-year period following such change in control event. The compensation committee also has the discretion to establish other change in control provisions with respect to awards granted under the 2017 Plan. For example, subject to certain limitations, the compensation committee could provide for the acceleration of vesting or payment of an award in connection with a change in control event that is not described above and provide that any such acceleration shall be automatic upon the occurrence of any such event. The compensation committee has established awards of PSUs and cash performance awards under the 2017 Plan that provide for acceleration of vesting of such awards in the event of death, disability, or retirement of the participant or a change in control event of the Company.

Second Amended and Restated 2007 Performance Incentive Plan. Generally, and subject to limited exceptions set forth in the 2007 Plan, if any person acquires more than 50% of the outstanding common stock or combined voting power of the Company, if there are certain changes in a majority of our board of directors, if stockholders prior to a transaction do not continue to own more than 50% of the voting securities of the Company (or a successor or a parent) following a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of our subsidiaries, a sale or other disposition of all or substantially all of the Company's assets or the acquisition of assets or stock of another entity by us or any of our subsidiaries, or if the Company is dissolved or liquidated, then awards then-outstanding under the 2007 Plan may become fully vested or paid, as applicable, and may terminate or be terminated upon consummation of such a change in control event. However, unless the individual award agreement provides otherwise, with respect to executive and certain other high level officers of the Company, upon the occurrence of a change in control event, no award will vest unless such officer's employment with the Company is terminated by the Company without cause within the two-year period following such change in control event. The administrator also has the discretion to establish other change in control provisions with respect to awards granted under the 2007 Plan. For example, the administrator could provide for the acceleration of vesting or payment of an award in connection with a change in control event that is not described above and provide that any such acceleration shall be automatic upon the occurrence of any such event. Beginning in May 2017, the Company has made all awards, including annual incentive awards, under the 2017 Plan.

There are currently no amounts payable to or accrued for payment to any named executive officer under the change in control provisions contained in the plans.

Potential Payments upon Termination or Change in Control

The following table presents the amount of compensation payable to each of our named executive officers as if the triggering termination event had occurred on the last day of our most recently completed fiscal year, December 27, 2020:

Name(19)	Benefit(1)	Termination w/o Cause or Resignation with Good Reason(\$)	Termination with Cause or Resignation w/o Good Reason(\$)	Death(\$)	Disability(\$)	Change in Control(\$)(2)
Paul J.B. Murphy III	Salary	1,800,000(3)	-	-	-	-
	Salary + Annual Incentive	-	-	-	-	3,960,000(4)
	Annual Incentive	108,000(13)	108,000(13)	108,000(13)	108,000(13)	1,077,041(10)
	Health Benefits	8,996(5)	-	-	-	11,994(6)
	Acceleration of Restricted Stock Units	1,064,898(7)	-	-	-	2,260,366(8)
	Acceleration of Options	-	-	-	-	894,845(15)
	Acceleration of Performance Stock Units	-	-	677,516(11)	677,516(11)	2,552,921(12)
Lynn S. Schweinfurth	Salary	470,000(9)	-	-	-	-
	Salary + Annual Incentive	-	-	-	-	1,645,000(4)
	Annual Incentive	35,250(13)	35,250(13)	35,250(13)	35,250(13)	328,099(10)
	Health Benefits	-	-	-	-	6,981(6)
	Acceleration of Restricted Stock Units	-	-	-	-	539,303(8)
	Acceleration of Options	-	-	-	-	182,247(15)
	Acceleration of Performance Stock Units	-	-	149,078(11)	149,078(11)	613,472(12)
Jonathan A. Muhtar	Salary	445,000(14)	-	-	-	-
	Salary + Annual Incentive	-	-	-	-	1,557,500(4)
	Annual Incentive	33,375(13)	33,375(13)	33,375(13)	33,375(13)	332,836(10)
	Health Benefits	-	-	-	-	17,624(6)
	Acceleration of Restricted Stock Units	-	-	-	-	388,493(8)
	Acceleration of Options	-	-	-	-	192,463(15)
	Acceleration of Performance Stock Units	-	-	157,938(11)	157,938(11)	652,145(12)

Name(19)	Benefit(1)	Termination w/o Cause or Resignation with Good Reason(\$)	Termination with Cause or Resignation w/o Good Reason(\$)	Death(\$)	Disability(\$)	Change in Control(\$)(2)
Michael L. Kaplan	Salary	400,000(16)	-	-	-	-
	Salary + Annual Incentive	-	-	-	-	1,360,000(4)
	Annual Incentive	280,000(18)	28,000(13)	28,000(13)	28,000(13)	279,233(10)
	Health Benefits	-	-	-	-	13,126(6)
	Acceleration of Restricted Stock Units	-	-	-	-	248,315(8)
	Acceleration of Options	-	-	-	-	131,240(15)
	Acceleration of Performance Stock Units	-	-	106,101(11)	106,101(11)	431,326(12)
Michael Buchmeier	Salary	-	-	-	-	-
	Salary + Annual Incentive	-	-	-	-	480,000(17)
	Annual Incentive	-	-	-	-	179,507(10)
	Health Benefits	-	-	-	-	3,476(6)
	Acceleration of Restricted Stock Units	-	-	-	-	194,327(8)
	Acceleration of Options	-	-	-	-	62,639(15)
	Acceleration of Performance Stock Units	-	-	48,729(11)	48,729(11)	189,704(12)

- (1) A number of our employee benefit and incentive pay plans provide for payment upon termination of employment of any participant. If terminated on December 27, 2020, each of the named executive officers would have received benefits and payments under these plans in addition to the amounts described in the table above.
- (2) As discussed above, the change in control provisions or termination provisions that apply before or after a change in control in the Change in Control Plan and applicable award agreements contain double trigger provisions, and thus any payments described in the above table are generally required to be made only if the Company terminates the executive's employment without cause or the executive resigns with good reason, within a defined protection period following the change in control.
- (3) Represents an amount equal to two times Mr. Murphy's 2020 base salary payable in substantially equal installments for 24 months following date of termination of employment.
- (4) Represents an amount equal to two times the sum of (i) the named executive officer's 2020 base salary and (ii) the named executive officer's target annual incentive award for 2020, payable in a lump sum within 10 days following effective date of termination of employment.
- (5) Consists of the costs of the Company portion of premiums for Mr. Murphy and his dependents under the Company's existing health insurance plans per month for a period of eighteen months following the effective date of termination without cause or resignation with good reason under Mr. Murphy's employment agreement.
- (6) Consists of the costs of the Company portion of premiums for the named executive officer and his or her dependents under the Company's existing medical, dental, and prescription insurance plans per

month for a period of twenty-four months following the effective date of termination, except for Mr. Buchmeier which costs are for twelve months.

- (7) Mr. Murphy is entitled to accelerated vesting of his sign-on equity award upon a termination without cause or resignation with good reason under Mr. Murphy's employment agreement. The value included in the table above is based on the closing sales price of the Company's common stock on Nasdaq as of December 24, 2020 (\$20.10).
- (8) The values included in the table above are based on the number of restricted shares or restricted stock units that would have vested on December 27, 2020, multiplied by the closing sales price of the Company's common stock on Nasdaq as of December 24, 2020, the last business day preceding such date (\$20.10).
- (9) Represents an amount equal to one times Ms. Schweinfurth's 2020 base salary payable in a lump sum within 60 days following termination of employment.
- (10) Represents the pro-rata amount of the named executive officer's target annual incentive award for 2020 determined by multiplying such target annual incentive award by a fraction, the numerator of which is the number of days in the then-current calendar year through the termination date and the denominator of which is 365, payable in a lump sum within 10 days following the termination of employment.
- (11) The 2019 PSU awards provide, among other things, that upon the death or disability of such named executive officer after the completion of the performance period applicable to a particular tranche, the number of shares of stock earned with respect to such tranche is based on the extent to which the performance goals for such tranche have been achieved. The 2020 PSU awards provide, among other things, that upon the death or disability of such named executive officer before the completion of the performance period, the number of shares of stock earned is based on the extent to which the performance goals for the entire performance period are achieved, prorated to reflect service through the named executive officer's termination date. As relative TSR performance for the performance period is not currently determinable, we have included the value assuming target performance. Accordingly, the values included in the table above are based on the number of shares that would have vested under such PSU awards on December 27, 2020, multiplied by the closing sales price of the Company's common stock on Nasdaq as of December 24, 2020, the last business day preceding such date (\$20.10). Amounts payable under the 2018 PSU award are not included as they were earned as of December 27, 2020 pursuant to the award agreement.
- (12) The 2019 PSU award provides that if a change in control occurs prior to the last day of the third performance period under the award, then each tranche will be deemed earned as follows: (a) if the change in control occurs on or prior to the completion of six months of the performance period applicable to such tranche, the number of shares earned with respect to such tranche will be determined as if the performance goals had been achieved at target; and (b) if the change in control occurs after the completion of six months of the performance period applicable to such tranche, the number of shares earned with respect to such tranche will be based on the extent to which the performance goals for such tranche have been achieved (which amount would be pro-rated, and the Company's performance against the performance goals for any partial periods determined by the compensation committee in good faith as of the date of the change in control). The 2020 PSU award provides that if a change in control occurs prior to the end of the performance period under the award, then the award will be deemed earned as follows: (a) if the change in control occurs on or prior to the completion of 50% of the performance period, the number of shares earned will be determined as if the performance goal had been achieved at target; and (b) if the change in control occurs after the completion of 50% of the performance period, the number of shares earned will be determined

based on the extent to which the performance goal has been achieved (except that the value of the Company's share price shall be determined by the Board of Directors in good faith and the Company's performance against the performance goal as determined by the compensation committee in good faith as of the date of the change in control). Accordingly, the values included in the table above are based on the number of shares that would have vested under the PSU on December 27, 2020 (using the actual achievement for the tranche ending December 27, 2020 and based on target for the remaining tranche ending December 26, 2021 for the 2019 PSU award and the number of target shares for the 2020 PSU award), multiplied by the closing sales price of the Company's common stock on Nasdaq as of December 24, 2020, the last business day preceding such date (\$20.10).

- (13) Represents the amount the named executive officer or his or her estate would have been paid for his or her annual incentive award for 2020 had the named executive officer been employed on the payment date.
- (14) Represents an amount equal to one times Mr. Muhtar's 2020 base salary payable in a lump sum within 60 days following termination of employment.
- (15) The Change in Control Plan and the applicable award agreements for the named executive officers provide that upon a termination in connection with a change in control, the named executive officer has the right to require the Company to pay the difference between the fair market value of the Company's common stock on December 27, 2020 and the exercise price of the options held by the named executive officer on an aggregate basis.
- (16) Represents an amount equal to one times Mr. Kaplan's 2020 base salary payable in a lump sum within 60 days following termination of employment.
- (17) Represents an amount equal to one times the sum of (i) the named executive officer's 2020 base salary and (ii) the named executive officer's target annual incentive award for 2020, payable in a lump sum within 10 days following effective date of termination of employment.
- (18) Represents the named executive officer's target annual incentive payable in a lump sum at the regularly scheduled payment date.
- (19) Mr. Cookson was not employed as of our fiscal year end and therefore was not entitled payments upon termination or change in control on that date. In connection with Mr. Cookson's resignation effective August 28, 2020, the Company agreed to provide Mr. Cookson: (i) a lump sum payment equal to twelve months of salary, and (ii) COBRA benefits in the form of a lump sum in cash equal to the product of (x) the portion of monthly premiums of Mr. Cookson's group health insurance, paid by the Company and (y) twelve, subject to Mr. Cookson signing the Company's standard form of separation agreement, which includes a waiver and full release of claims against the Company as well as customary confidentiality, non-solicitation, non-competition, and non-disparagement provisions.

CEO PAY RATIO

As required by Section 953(b) of the Dodd-Frank Act and Item 402(u) of Regulation S-K, we are providing information about the ratio of the annual total compensation of our Chief Executive Officer Mr. Murphy, who served in such capacity through the duration of fiscal year 2020, to the annual total compensation of our median employee. We believe our pay ratio, which is based on our payroll and employment records using the methodology described below, is a reasonable estimate calculated in a manner consistent with the SEC pay ratio rules.

Approximately 92% of our employee population consists of hourly restaurant Team Members. Red Robin hourly restaurant roles can be full-time or part-time. Flexible and part-time employment opportunities can be attractive for Team Members seeking to balance other commitments, have a social connection, or earn supplemental income. However, part-time employment has the effect of reducing the annual total compensation for our median employee.

To determine the median employee, we used total cash compensation paid in 2018 as reported to the Internal Revenue Service on Form W-2 of our employee population including full time, part time, temporary, and seasonal employees, and excluding our Chief Executive Officer. In reliance on the de minimis exemption under the pay ratio rules, we excluded 1,286 Team Members in Canada, representing less than 5% of our total employee population of approximately 25,841 individuals as of December 30, 2018. No cost of living adjustments were made to determine the median employee. We did, however, annualize the compensation used for full time and part time employees who were not employed by Red Robin for all of 2018 by taking an employee's compensation for the number of active weeks for which they were employed and annualizing such amount for the full year. We believe the use of total cash compensation for all employees is a consistently applied compensation measure because we do not widely distribute equity awards to employees. Less than 1.0% of our total employee population of 25,841 individuals as of December 30, 2018 received equity awards in 2018. The employee who was selected in 2018 was promoted from a Restaurant Team Member to a Restaurant Manager position during 2019. Therefore, the next closest employee to the median employee selected in 2018 was selected as the representative median employee for 2019. This employee terminated in August 2020, and therefore the next closest employee was selected as the representative median employee for 2020. Our median employee was identified as a restaurant Team Member who worked both as a Host and Server during 2020 and was paid on an hourly basis but also received tipped income. The median employee worked an average of 22.02 hours per week (or 1,145 hours per year) in 2020. After identifying the median employee, we calculated that employee's 2020 annual total compensation using the same methodology (and including all the same compensation elements) that we used for our named executive officers in the 2020 Summary Compensation Table set forth above in this proxy statement. The median employee earned \$16,239 in wages (average hourly wage of \$14.18 per hour) plus \$8,814 in tips totaling \$25,053 during 2020.

The annual 2020 total compensation of our CEO, as shown in the Summary Compensation Table, is \$4,319,504. As a result, we estimate that for fiscal year 2020, the ratio of our CEO annual total compensation to that of our median employee was approximately 172:1.

Because the rules governing pay ratio disclosure allow for companies to use different methodologies, apply various exclusions, and otherwise make reasonable assumptions and estimates that reflect their compensation practices, the pay ratio reported by other companies may not be comparable to our pay ratio. As a result, our pay ratio should not be used as a basis for comparison between us and other companies. We have provided this pay ratio information for compliance purposes, and neither the compensation committee nor Company management has used the pay ratio measure to influence decisions in determining compensation for our executives or other employees.

PROPOSAL 2: ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Company seeks a non-binding advisory vote from its stockholders to approve the executive compensation of our named executive officers as disclosed in this proxy statement. This proposal, commonly known as a “say-on-pay” proposal, gives our stockholders the opportunity to express their views on the design and effectiveness of our executive compensation programs. As an advisory vote, the outcome of the vote on this proposal is not binding upon us. Our compensation committee, which is responsible for designing and administering our executive compensation programs, values the opinions expressed by our stockholders and will consider the outcome of this vote when making future compensation decisions for our named executive officers. In 2020, our advisory vote proposal was supported by approximately 96.89% of the votes cast. The board has adopted a policy of providing for annual say-on-pay advisory votes.

As described in detail under the heading “Compensation Discussion and Analysis,” our executive compensation objectives have been designed to link incentives and rewards for our executives to the achievement of specific and sustainable financial and strategic goals which are expected to result in increased stockholder value. We believe our executive compensation program satisfies these goals and is aligned with the long-term interests of our stockholders.

We request stockholder approval of the 2020 compensation of our named executive officers as disclosed in this proxy statement. This vote is not intended to address any specific element of compensation, but rather the overall compensation of our named executive officers and the compensation philosophy, policies, and practices described in this proxy statement. Accordingly, we ask that you vote **FOR** the following resolution to approve, on an advisory basis, the compensation of our named executive officers:

“RESOLVED, that the stockholders of Red Robin Gourmet Burgers, Inc. approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company’s proxy statement for the 2021 annual meeting of stockholders pursuant to the compensation disclosure rules of the U.S. Securities and Exchange Commission, including the Compensation Discussion and Analysis, the Summary Compensation Table, and the other related tables and disclosure within this proxy statement.”

Please read the “Compensation Discussion and Analysis” section contained in this proxy statement, including the tables and narrative disclosures contained therein for additional details about our executive compensation programs.

VOTE REQUIRED

Proposal No. 2 requires the approval of a majority of the votes cast on the proposal. Abstentions and broker non-votes will have no effect on the outcome of the vote.

BOARD RECOMMENDATION

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THIS PROPOSAL.

PROPOSAL 3: APPROVAL OF THE AMENDMENT TO THE 2017 PERFORMANCE INCENTIVE PLAN

INTRODUCTION

Our board of directors recommends and proposes an amendment (the “Amendment to the 2017 Plan”) to our 2017 Performance Incentive Plan (as previously amended, the “current 2017 Plan”). The current 2017 Plan was originally approved by our board in 2017, and amended in 2020, both of which were approved by our stockholders.

If approved by the Company’s stockholders, the Amendment to the 2017 Plan would increase the balance of the number of shares of our common stock available for issuance under the 2017 Plan by 350,000 shares. The total number of shares authorized under the Amendment to the 2017 Plan would increase from 1,565,182 shares under the current 2017 Plan to 1,915,182 shares under the 2017 Plan as amended (which we refer to in this Proposal as the “2017 Plan”). However, the maximum number of shares of common stock that may be delivered pursuant to new awards granted to eligible persons under the Amendment to the 2017 Plan will equal the sum of: (i) 350,000 shares; (ii) the remaining number of shares of common stock available for additional award grant purposes under the current 2017 Plan as of the date of stockholder approval of the Amendment to the 2017 Plan (which was 574,357 shares as of March 23, 2021); and (iii) the number of shares of common stock subject to outstanding awards that may become available because they are not deemed issued under Section 2.2 of the 2017 Plan, such as for example shares that are forfeited or canceled (but not including shares not delivered due to net settlement of options or that are withheld to pay taxes). Our compensation committee approved the Amendment to the 2017 Plan on April 1, 2021, subject to stockholder approval at the 2021 annual meeting. If the Amendment to the 2017 Plan is approved by our stockholders, it will become effective on the day of the 2021 annual meeting. Outstanding awards under the terms of the current 2017 Plan will continue in effect in accordance with their terms.

Purpose for the Amendment

The negative impact on the Company’s stock price due to the effect of COVID-19 on the market during the pandemic resulted in an unanticipated need to utilize a significantly increased number of shares for our equity incentive awards to our employees, officers, and directors. As a result of this unexpected accelerated depletion of shares under the current 2017 Plan, the board of directors unanimously recommends that the Company’s stockholders approve the Amendment to the 2017 Plan to increase the number of shares by 350,000. Approval of this amendment will ensure that the Company continues to have sufficient shares available for future grants.

We believe that an increase in the number of shares available for future grants is necessary as part of our ongoing commitment to align the interests of our employees (including executive officers) with those of our stockholders. We believe that incentives and stock-based awards focus employees on the objective of creating stockholder value and promoting the success of the Company. As previously disclosed, our compensation committee had begun a shift in the structure of our long-term incentive component for all of our named and other executive officers to include more equity and less cash. Without the Amendment, we could be required to use additional cash incentives instead of equity based awards.

Further, the Company’s ability to grant an appropriate number of equity based awards continues to be crucial in allowing the Company to effectively compete for key employee talent. It is in the long-term interest of the Company and its stockholders to strengthen the ability to attract, motivate and retain employees, officers, and directors, and to provide additional incentive for those persons through stock ownership and other incentives to improve operations, increase profits, and strengthen the mutuality of interest between those persons and the Company’s stockholders.

As of March 23, 2021, of the 1,565,182 shares authorized under the current 2017 Plan, there were approximately 574,357 shares remaining available for issuance. Without adequate share availability under the Amendment to the 2017 Plan, the board will need to consider alternative compensation arrangements in order to ensure that the Company remains competitive and is able to continue to recruit and retain quality talent.

Summary of the Amendment to the 2017 Plan

The Amendment to the 2017 Plan would increase the total aggregate number of shares authorized by 350,000 shares of common stock, from 1,565,182 shares to 1,915,182.

As of March 23, 2021, we had 574,357 shares available for issuance under the current 2017 Plan, which would increase to 924,357 shares available for issuance as of such date with the approval of the Amendment to the 2017 Plan, plus the number of shares of Common Stock subject to outstanding awards that may become available because they are not deemed delivered. The current 2017 Plan permits the re-use of shares that are cancelled, terminated, forfeited, otherwise failed to vest ("*Forfeited Shares*"). The exact number of shares remaining under the current 2017 Plan will vary because additional awards may be made to newly-hired or promoted employees prior to the annual meeting on May 20, 2021. If the Amendment to the 2017 Plan is approved, the aggregate number of shares underlying outstanding awards under the current 2017 Plan, and our other equity plans (the "*Existing Plans*"), plus the number of shares available for issuance in connection with the grant of awards under the Amendment to the 2017 Plan, would increase to approximately 11.4% of the number of shares of Company common stock outstanding on a fully diluted basis (including all common stock outstanding at March 23, 2021 plus all shares reserved for outstanding or future awards under the Existing Plans and the Amendment to the Plan).

Summary Description of the 2017 Plan (as proposed to be amended).

A copy of the full text of the 2017 Plan (the current 2017 Plan as amended by the Amendment to the 2017 Plan) is attached to this proxy statement as Appendix A. A summary of the 2017 Plan (as proposed to be amended by the Amendment to the 2017 Plan) is set forth below. Other than set forth in the summary below, there have been no other material changes to the current 2017 Plan.

Purpose. The purpose of the 2017 Plan is to promote the success of the Company and to increase stockholder value by (a) incentivizing the officers, employees, directors, consultants, and other service providers of the Company and our affiliates to foster and build upon the continued success of the Company and to operate and manage the business in a manner that will provide for the long-term growth and profitability of the Company; (b) encouraging stock ownership by certain officers, employees, directors, consultants, and other service providers by providing them with a means to acquire a proprietary interest in the Company, acquire shares of stock, or to receive compensation which is based upon appreciation in the value of stock; and (c) providing a means of obtaining, rewarding and retaining officers, employees, directors, consultants, and other service providers.

Administration. Our compensation committee will administer the 2017 Plan. The compensation committee has full authority in its discretion to determine the officers, employees, directors, consultants, and other service providers of the Company or our affiliates to whom awards will be granted and the terms and provisions of awards, subject to the provisions of the 2017 Plan. Subject to the provisions in the 2017 Plan, the compensation committee has full and conclusive authority to: (a) interpret the 2017 Plan; (b) prescribe, amend, and rescind rules and regulations relating to the 2017 Plan; (c) determine the terms and provisions of the respective award agreements; and (d) make all other determinations necessary or advisable for the proper administration of the 2017 Plan.

Our board of directors may by resolution authorize one or more officers of the Company and/or the chair of the compensation committee to designate individuals to receive awards under the 2017 Plan, and to determine the type of awards and the terms and conditions and number of shares of common stock or the amount of cash subject to such awards; provided however, that any such delegation will be subject to such parameters and restrictions consistent with the 2017 Plan.

No Repricing. In no case (except due to an adjustment to reflect a stock split, or similar event, or any repricing that may be approved by our stockholders) will any adjustment be made to a stock option or stock appreciation right award under the 2017 Plan (by cancellation, surrender, or exchange) that would constitute a repricing of the per share exercise or base price of the award.

Eligibility and Limits. Persons eligible to receive awards under the 2017 Plan, subject to limited exceptions set forth in the 2017 Plan, include officers, employees, directors, consultants, and other service providers of the Company or any affiliate of the Company. Currently, approximately 530 officers and employees of the Company and our affiliates (including all of our named executive officers), and each of our non-employee directors are considered eligible under the 2017 Plan.

The maximum number of shares of our common stock that would be authorized for awards under the Amendment to the 2017 Plan, if approved, is approximately 1,915,182. This number includes, as of March 23, 2021, 990,825 grants previously issued and outstanding, 574,357 shares available for awards under the current 2017 Plan (including Forfeited Shares), and 350,000 newly authorized shares.

The following other limits are also contained in the 2017 Plan:

- The maximum number of shares that may be delivered pursuant to options qualified as incentive stock options granted under the 2017 Plan is 700,000 shares.
- The maximum number of shares subject to those options and stock appreciation rights that are granted under the 2017 Plan during any calendar year to any individual other than a non-employee director is 170,000 shares.
- The maximum number of shares subject to those options and stock appreciation rights that are granted under the 2017 Plan during any calendar year to any non-employee director is 25,000 shares, and the maximum value (determined on the grant date) of full-value awards (as defined in the 2017 Plan and discussed below) that may be granted under the 2017 Plan during any calendar year to any non-employee director is \$250,000.
- The maximum number of shares that are granted with the intent that they qualify as qualified performance-based compensation to any employee may not exceed 150,000 shares.
- The maximum aggregate dollar amount that may be paid in any calendar year to any employee with respect to performance-based compensation payable in cash may not exceed \$3,000,000.
- As of March 23, 2021, in addition to shares available for awards under the current 2017 Plan, there were approximately 214,910 shares subject to awards then outstanding under the Existing Plans.
- As of March 23, 2021, the closing price of our common stock was \$35.97 per share.

Types of Awards. The 2017 Plan authorizes stock options, stock appreciation rights, and other forms of awards granted or denominated in our common stock or unit of our common stock, as well as cash performance awards pursuant to Section 3.5 of the 2017 Plan.

A stock option is the right to purchase shares of our common stock at a future date at a specified price per share (the “Exercise Price”). The per share Exercise Price of an option generally may not be less than the fair market value of a share of our common stock on the date of grant. The maximum term of an option is ten years from the date of the grant. An option may either be an incentive stock option or a nonqualified stock option. Incentive stock option benefits are taxed differently from nonqualified stock

options, as described under “Federal Income Tax Consequences of Awards under the 2017 Plan” below. Incentive stock options are also subject to more restrictive terms and are limited in amount by the U.S. Internal Revenue Code and the 2017 Plan. Incentive stock options may only be granted to employees of the Company or a subsidiary.

A stock appreciation right is the right to receive payment of an amount equal to the excess of the fair market value of a specified or determinable number of shares of our common stock at the time of payment or exercise over a specified or determinable price, which may not be less than the fair market value of such shares of stock on the date of grant. Stock appreciation rights may be granted in connection with other awards or independently. The maximum term of a stock appreciation right is ten years from the date of grant.

With respect to any stock option or stock appreciation right issued to a Participant other than a non-employee member of the board of directors, the minimum service period required for such award (or portion thereof) to vest is one year following the date of grant of such award.

The other types of awards that may be granted under the 2017 Plan include, without limitation, grants of our common stock, grants of rights to receive our common stock in the future, dividend equivalent rights, and cash performance awards granted consistent with “Performance-Based Awards” as described below.

Performance-Based Awards. The compensation committee historically granted awards intended to be performance-based awards within the meaning of Section 162(m) of the U.S. Internal Revenue Code (“Performance-Based Awards”), prior to its repeal in 2017. Performance-Based Awards are in addition to any of the other types of awards that may be granted under the 2017 Plan (including options and stock appreciation rights which may also qualify as performance-based awards for Section 162(m) purposes). Performance-Based Awards may be in the form of restricted stock, performance stock, stock units, other rights, or cash performance awards.

The vesting or payment of Performance-Based Awards (other than options or stock appreciation rights) will depend on the absolute or relative performance of the Company on a consolidated, business unit, division, or affiliate (or business unit or division of an affiliate) basis. The compensation committee will establish the criterion or criteria and target(s) on which performance will be measured. The compensation committee must establish criteria and targets in advance of applicable deadlines under the U.S. Internal Revenue Code and while the attainment of the performance targets remains substantially uncertain. The criteria that the compensation committee may use for this purpose include one or more of the following: earnings per share; book value per share; operating cash flow; free cash flow; cash flow from return on investments; cash available; net income (before or after taxes); revenue or revenue growth; total stockholder return; return on invested capital; return on stockholder equity; return on assets; return on common book equity; return on gross investment; market share; economic value added; operating margin; profit margin; stock price; enterprise value; operating income; EBIT or EBITDA; expenses or operating expenses; productivity of employees as measured by revenues, costs, or earnings per employee; working capital; improvements in capital structure; guest retention, traffic and/or satisfaction; employee retention and/or engagement; completion of operating milestones; cost reduction goals; Company, franchise, or system same restaurant sales; Company, franchise, or system restaurant growth in number of new restaurants; average restaurant volume growth; or any combination of the foregoing. The performance measurement period with respect to an award will be established by the compensation committee at the time the award is granted. The compensation committee may appropriately adjust any evaluation of performance under a performance goal to remove the effect of any one or more of the following: equity compensation expense under accounting standard ASC 718; accelerated amortization of acquired technology and intangibles; asset write-downs; litigation or claim judgments or settlements; changes in or provisions under tax law, accounting principles or other such laws or provisions affecting reported results; accruals for

reorganization and restructuring programs; discontinued operations; restaurant closure costs; executive transition costs; acquisition and dispositions; a material change in planned capital expenditures; and any items that are unusual in nature, non-recurring or infrequent in occurrence, except where such action would result in the loss of the otherwise available exemption of the award under Section 162(m), if applicable.

With respect to any full-value award, the vesting of which is based solely on service with the Company (and not upon, either all or in part, the attainment of any performance measures), with the exception of such awards to non-employee directors, the minimum period of service required for such award to vest is three years following the date of grant of such award, provided that such award may vest ratably in no less than equal annual increments over such period. With respect to any full-value award that is a Performance-Based Award and issued to an individual under the 2017 Plan other than a non-employee director, the applicable performance measurement period may not be less than one year. With respect to any award issued to a non-employee director, the minimum period of service required for such award to vest (or the minimum performance period for any such award) shall be the period beginning on the date of grant and ending on the sooner of (i) the date of the next annual stockholders meeting and (ii) the one-year anniversary of the grant date of such award. Except as described in the immediately preceding sentence with respect to awards issued to non-employee directors, no installment or portion of any award subject to a minimum vesting period described under the 2017 Plan may vest earlier than one-year after the date of grant of such award. The compensation committee may not waive the applicable vesting requirements for an award except in the case of death, disability, or change in control. The term “full-value awards” includes awards of restricted stock, restricted stock units, performance shares, and Other Stock-Based Awards (as defined in the 2017 Plan) granted under the 2017 Plan, but does not include awards pursuant to which the participant’s ultimate remuneration is limited solely to the post-grant appreciation in the value of the shares of the Company’s common stock subject to the award (such as options or stock appreciation rights having a per share exercise of base price, as applicable, at least equal to the fair market value of a share of the Company’s common stock at the time of grant of such award).

Performance-Based Awards may be paid in stock or cash (in either case, subject to the limits described under the heading “Eligibility and Limits” above). Before any Performance-Based Award (other than an option or stock appreciation right) is paid, the compensation committee must certify in writing that the performance target or targets have been satisfied. The compensation committee has discretion to determine the performance target or targets and any other restrictions or other limitations of Performance-Based Awards and may reserve discretion to reduce payments below maximum award limits.

Acceleration of Awards; Early Termination of Awards. Generally, and subject to limited exceptions set forth in the 2017 Plan, if any person acquires more than 50% of the outstanding common stock or combined voting power of the Company, if there are certain changes in a majority of our board of directors, if stockholders prior to a transaction do not continue to own more than 50% of the voting securities of the Company (or a successor or a parent) following a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of our subsidiaries, a sale or other disposition of all or substantially all of the Company’s assets or the acquisition of assets or stock of another entity by us or any of our subsidiaries, or if the Company is dissolved or liquidated, then awards then-outstanding under the 2017 Plan may become fully vested or paid, as applicable, and may terminate or be terminated upon consummation of such a change in control event. However, unless the individual award agreement provides otherwise, with respect to executive and certain other high level officers of the Company, upon the occurrence of a change in control event, no award will vest unless such officer’s employment with the Company is terminated by the Company without cause within the two-year period following such change in control event. The compensation committee also has the discretion to establish other change in control provisions with respect to awards granted under the 2017 Plan. For example, subject to certain limitations, the compensation committee could provide for the acceleration of

vesting or payment of an award in connection with a change in control event that is not described above and provide that any such acceleration shall be automatic upon the occurrence of any such event.

Restrictions on Transfer. Subject to certain exceptions contained in Section 4.2 of the 2017 Plan or the applicable award agreement, awards under the 2017 Plan generally are not transferable by the recipient other than by will or the laws of descent and distribution, or pursuant to domestic relations orders, and are generally exercisable, during the recipient's lifetime, only by the recipient. Any amounts payable or shares issuable pursuant to an award generally will be paid only to the recipient or the recipient's beneficiary or representative. The compensation committee has discretion, however, to establish written conditions and procedures for the transfer of awards to other persons or entities, provided that such transfers comply with applicable federal and state securities laws.

Adjustments. As is customary in incentive plans of this nature, each share limit and the number and kind of shares available under the 2017 Plan and any outstanding awards, as well as the exercise or purchase prices of awards, and performance targets under certain types of performance-based awards, are subject to adjustment in the event of certain reorganizations, mergers, consolidations, or other similar events that change the number or kind of shares outstanding, and extraordinary dividends.

No Limit on Other Authority. Except as expressly provided with respect to the termination of the authority to grant new awards under the 2007 Plan, the 2017 Plan does not limit the authority of the board of directors or the compensation committee to grant awards or authorize any other compensation, with or without reference to our common stock, under any other plan or authority.

Termination and Amendment of the 2017 Plan. The board of directors may amend or terminate the 2017 Plan at any time without stockholder approval; provided, however, that the board of directors shall obtain stockholder approval for any amendment to the 2017 Plan that, except as provided under Section 5.1 of the 2017 Plan, increases the number of shares of stock available under the 2017 Plan, materially expands the classes of individuals eligible to receive awards, materially expands the type of awards available for issuance under the 2017 Plan, or would otherwise require stockholder approval under the rules of the applicable exchange. Unless the award agreement explicitly provides otherwise, no such termination or amendment may materially and adversely affect the rights of the recipient under such award without the consent of the holder of an award.

Federal Income Tax Consequences of Awards under the 2017 Plan

The U.S. federal income tax consequences of the 2017 Plan under current federal law, which is subject to change, are summarized in the following discussion of the general tax principles applicable to the 2017 Plan. This summary is not intended to be exhaustive and, among other considerations, does not describe state, local, or international tax consequences. Individual circumstances may vary, and participants should rely on the advice of their tax counsel regarding federal income tax treatment under the 2017 Plan. Furthermore, any tax advice contained in this discussion is not intended to be used, and may not be used, to avoid penalties imposed under the U.S. Internal Revenue Code.

Stock Options and Stock Appreciation Rights. With respect to nonqualified stock options, the Company is generally entitled to deduct, and the participant will recognize, taxable ordinary income in an amount equal to the excess of the fair market value of the shares at the time of exercise over the option exercise price. Stock appreciation rights are taxed and deductible in substantially the same manner as nonqualified stock options.

With respect to incentive stock options, a participant who exercises an incentive stock option will not be taxed at the time of exercise. Instead, the participant will be taxed at the time the participant sells common stock purchased pursuant to the incentive stock option on the difference between the price the

participant paid for the stock pursuant to the incentive stock option and the amount for which the participant sells that stock. If the participant does not sell the stock prior to two years after the date the option was granted to the participant and one year after the date the stock is transferred to the participant, then the participant will be entitled to capital gain or loss treatment based upon the difference between the amount realized on the disposition and the aggregate exercise price and the Company will not get a corresponding tax deduction. If the participant sells the stock at a gain prior to the expiration of such one and two year periods, the amount by which (A) the lesser of (i) the fair market value of the stock on the date of exercise and (ii) the amount for which the stock is sold exceeds (B) the amount the recipient paid for the stock will be taxed as ordinary income and the Company will be entitled to a corresponding tax deduction in the same amount (if the amount for which the stock is sold exceeds the fair market value on the date of exercise, such excess amount is taxed as capital gain). If the participant sells the stock for less than the amount paid for the stock prior to the expiration of the one and two year periods indicated, no amount will be taxed as ordinary income and the loss will be taxed as a capital loss. Exercise of an incentive option may subject a recipient to, or increase a recipient's liability for, the alternative minimum tax.

Stock Awards. A participant will not be taxed upon the grant of a stock award if such award is not transferable by the recipient and is subject to a "substantial risk of forfeiture," as defined in the U.S. Internal Revenue Code. However, when the shares of common stock that are subject to the stock award are transferable by the participant or are no longer subject to a substantial risk of forfeiture, the participant will recognize compensation taxable as ordinary income in an amount equal to the fair market value of the stock subject to the stock award minus any amount paid for such stock, and the Company will at such time be entitled to a corresponding deduction. However, if a participant so elects at the time the participant receives a stock award, the participant may include the fair market value (at the time of receipt) of the stock subject to the stock award, less any amount paid for such stock, in the participant's income at that time and the Company also will be entitled to a corresponding deduction at that time.

Other Awards. A participant will not recognize income upon the grant of a dividend equivalent right, restricted stock unit or cash performance award. Generally, at the time a payment receives payment under any dividend equivalent right, restricted stock unit, or cash performance award, the participant will recognize compensation taxable as ordinary income in an amount equal to the cash or the fair market value of common stock received, and the Company will then be entitled to a corresponding deduction.

General. Unless specified otherwise in an individual agreement between a participant and the Company, to the extent that acceleration of an award made under the 2017 Plan in connection with a "change in control" (as this term is used under the U.S. Internal Revenue Code) would result in compensation being paid that is not fully deductible by the Company or one of its subsidiaries because of Section 280G of the U.S. Internal Revenue Code, such award will not accelerate to the extent or in a manner that would result in any compensation being paid that is not fully deductible.

The compensation committee has historically generally intended to structure our executive compensation in a manner designed to qualify for deductibility under Section 162(m) of the Internal Revenue Code, provided additional requirements are satisfied. The exemption from Section 162(m)'s deduction limit for performance-based compensation has been repealed, effective for taxable years beginning after December 31, 2017, such that compensation paid to our named executive officers in excess of \$1 million will not be deductible unless it qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017.

The 2017 Plan is not qualified under Section 401(a) of the U.S. Internal Revenue Code.

New Plan Benefits under the 2017 Plan

Because future awards under the 2017 Plan will be granted at the discretion of the compensation committee, the type, number, recipients, and other terms of such awards cannot be determined at this time. Information regarding our recent practices with respect to annual and long-term incentive awards and stock-based compensation under existing plans is presented in the “Summary Compensation Table” and “Outstanding Equity Awards at 2020 Fiscal Year-End” table contained elsewhere in this proxy statement, and in our financial statements for the fiscal year ended December 27, 2020, in the annual report on Form 10-K which accompanies this proxy statement.

In accordance with SEC rules, the table below indicates the aggregate number of stock options granted under the 2017 Plan since its adoption in 2017 to each named executive officer, all current executive officers as a group, all current directors (other than executive officers) as a group, and all current employees (other than executive officers) as a group.

	<u>Stock Options Granted</u>
<i>Named Executive Officers</i>	
Paul J.B. Murphy III	119,472
Lynn S. Schweinfurth	24,332
Jonathan A. Muhtar	35,856
Michael L. Kaplan	23,131
Michael Buchmeier	9,342
<i>Former Executive</i>	
Dean Cookson	13,542
Total of all Current Executive Officers as a Group (5 persons)	212,133
Total of all Current Non-Employee Directors as a Group (10 persons)	-
Each other person who has received 5% or more of the options, warrants or rights under the 2017 plan	-
All employees, including all current officers who are not executive officers or directors as a group	<u>39,310</u>
Total	<u><u>264,985</u></u>

VOTE REQUIRED

Proposal No. 3 requires the approval of a majority of the votes cast on the proposal. Abstentions and broker non-votes will have no effect on the outcome of the vote.

BOARD RECOMMENDATION

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE AMENDMENT OF THE 2017 PLAN.

**PROPOSAL 4:
RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM**

The audit committee is responsible for the appointment, compensation, retention, and oversight of the independent registered public accounting firm retained to perform the audit of our financial statements and our internal control over financial reporting. The audit committee selected Deloitte & Touche LLP (“Deloitte”) as our independent auditor for the fiscal year ending December 26, 2021.

CHANGE IN INDEPENDENT AUDITOR

The audit committee conducted a competitive process to determine the Company’s independent registered public accounting firm for the fiscal year ending December 26, 2021. Multiple firms were invited to participate in this process including KPMG LLP (“KPMG”) which has served as the Company’s independent registered public accounting firm since 2015.

As a result of this process, following the review and evaluation of the proposals from the participating firms, on March 4, 2021, the audit committee engaged Deloitte as the Company’s independent registered public accounting firm for the fiscal year ending December 26, 2021, subject to completion of Deloitte’s standard client acceptance procedures and execution of an engagement letter. On that same date, the Audit Committee dismissed KPMG as the Company’s independent registered accounting firm. The Company signed an engagement letter with Deloitte on March 8, 2021.

KPMG’s audit reports on the Company’s consolidated financial statements as of and for the two most recent fiscal years ended December 27, 2020 and December 29, 2019 did not contain any adverse opinion or a disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles except as follows:

KPMG’s report on the Company’s consolidated financial statements as of and for the fiscal years ended December 27, 2020 and December 29, 2019, contained a separate paragraph stating that “As discussed in Note 11 to the consolidated financial statements, the Company has changed its method for accounting for leases as of December 31, 2018 due to the adoption of Accounting Standards Update No. 2016-02, Leases.”

KPMG’s audit reports on the effectiveness of internal control over financial reporting as of December 27, 2020 and December 29, 2019 did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles.

During the fiscal years ended December 27, 2020 and December 29, 2019, and in the subsequent interim period through March 4, 2021: (i) there were no disagreements with KPMG (within the meaning of Item 304(a)(1)(iv) of Regulation S-K (“Regulation S-K”) of the rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”)) on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure that if not resolved to KPMG’s satisfaction, would have caused KPMG to make reference thereto in its reports; and (ii) there were no reportable events (as defined by Item 304(a)(1)(v) of Regulation S-K).

During the Company’s two most recent fiscal years ended December 27, 2020 and December 29, 2019, and during the subsequent interim period preceding Deloitte’s engagement, neither the Company, nor anyone on its behalf, has consulted Deloitte with respect to: (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company’s consolidated financial statements, and neither a written report nor oral advice was provided to the Company that Deloitte concluded was an important factor considered by the Company in

reaching a decision as to the accounting, auditing, or financial reporting issue or (ii) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) or a reportable event (as described in Item 304(a)(1)(v) of Regulation S-K).

On March 9, 2021, we filed with the SEC a Current Report on Form 8-K disclosing the appointment of Deloitte as our new independent auditor and the related dismissal of KPMG.

EVALUATION OF AUDITOR

In approving the selection of Deloitte as the Company's independent auditor for the fiscal year ending December 26, 2021, the audit committee considered, among other factors:

- Firm and engagement team experience, including in our industry;
- Audit approach and supporting tools;
- General technical expertise;
- Audit quality factors, including timing of procedures and engagement team workload and allocation;
- Recent Public Company Accounting Oversight Board (PCAOB) inspection findings and the firms' responses thereto;
- Communication and interaction with the audit committee and management;
- Independence and commitment to objectivity and professional skepticism; and
- The reasonableness and appropriateness of fees.

Based on this evaluation, our board is requesting that our stockholders ratify Deloitte's appointment for the 2021 fiscal year. We are not required to seek ratification from stockholders of our selection of independent auditor but are doing so as a matter of good governance. If the selection is not ratified, the audit committee will consider whether it is appropriate to select another independent auditor. Even if the selection is ratified, the audit committee in its discretion may select a different independent auditor at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

Representatives from Deloitte are expected to be present at the annual meeting, will have an opportunity to make a statement if they desire to do so, and will be available to respond to any questions that might arise.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table summarizes the aggregate fees expected to be billed by KPMG for the fiscal years ended December 27, 2020 and December 30, 2019:

	<u>2020</u>	<u>2019</u>
Audit fees	\$1,059,171	\$835,990
Audit-related fees	-	-
Tax fees	\$ 160,000	-
All other fees	-	-
Total	<u>\$1,219,171</u>	<u>\$835,990</u>

Audit Fees

Fees for audit services in 2020 consisted of the audit of our annual financial statements and reports on internal controls required by the Sarbanes-Oxley Act of 2002, reviews of our quarterly financial

statements, comfort letters, consents and other services related to SEC filings, and a subscription for the KPMG Accounting Research Online tool.

Fees for audit services in 2019 consisted of the audit of our annual financial statements and reports on internal controls required by the Sarbanes-Oxley Act of 2002, reviews of our quarterly financial statements, review of our Franchise Disclosure Document, and a subscription for the KPMG Accounting Research Online tool.

Audit-Related Fees

There were no audit-related fees billed by KPMG in 2020 or 2019.

Tax Fee

Fees for tax services billed by KPMG in 2020 related to fixed asset and cost segregation tax consulting services.

All Other Fees

There were no other fees billed by KPMG in 2020 or 2019.

Audit Committee's Pre-Approval Policies and Procedures

The audit committee pre-approves all audit and non-audit services to be performed by its independent auditor and has established policies and procedures to ensure the Company is in full compliance with the requirements for pre-approval set forth in the Sarbanes-Oxley Act of 2002 and the SEC rules regarding auditor independence. The policies and procedures are detailed as to the particular service and do not delegate the audit committee's responsibility to management.

In accordance with these policies and procedures, management submits for approval audit and non-audit services that management may wish to have the independent auditor perform during the fiscal year, accompanied by an estimated range of fees for each service to be performed. The audit committee pre-approves or rejects the service and an accompanying range of fees for each service desired to be performed. Management is required to seek additional audit committee pre-approval when management becomes aware that any pre-approved service will result in actual fees greater than the fees initially approved. During the course of the year, the chair of the audit committee has the authority to pre-approve requests for services. At each subsequent audit committee meeting, the chair of the audit committee reports any interim pre-approvals since the last meeting.

All of the fees set forth in the Principal Accountant Fees and Services table above for fiscal year 2020 were pre-approved by the audit committee.

VOTE REQUIRED

Proposal No. 4 requires the approval of a majority of the votes cast on the proposal. Abstentions will have no effect on the outcome of the vote.

BOARD RECOMMENDATION

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR RATIFICATION OF THE APPOINTMENT OF DELOITTE AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 26, 2021.

AUDIT COMMITTEE REPORT

The audit committee is responsible for overseeing and evaluating the Company's financial reporting process on behalf of the board of directors. Management has the primary responsibility for the Company's financial reporting process, accounting principles, and internal controls as well as preparation of the Company's financial statements in accordance with generally accepted accounting principles in the United States (GAAP). KPMG, our independent auditor for 2020, 2019, 2018, 2017, 2016, and 2015 is responsible for expressing opinions on the conformity of the Company's audited financial statements with GAAP and on the Company's internal control over financial reporting.

The audit committee has reviewed and discussed with management and KPMG the audited financial statements for the year ended December 27, 2020, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, the clarity of the disclosures in the financial statements, and KPMG's evaluation of the Company's internal control over financial reporting.

The audit committee has reviewed and discussed with KPMG the matters required to be discussed pursuant to Public Company Accounting Oversight Board (PCAOB) standards. The audit committee has received from KPMG the written disclosures and the letter required by applicable PCAOB requirements regarding the independent accountant's communications with the audit committee concerning independence. The audit committee has also discussed such independence with KPMG.

Based upon the review and discussions described above, the audit committee recommended to the board of directors that the Company's audited financial statements be included in its annual report on Form 10-K for the year ended December 27, 2020, and the board of directors accepted the audit committee's recommendations.

THE AUDIT COMMITTEE
Steven K. Lumpkin, Chair
Thomas G. Conforti
Anthony S. Ackil

VOTING PROCEDURES

YOUR VOTE IS VERY IMPORTANT

It is very important that your shares be represented and voted at the annual meeting. Whether or not you plan to attend the 2021 annual meeting of stockholders, please vote as soon as possible. We urge you to read the Proxy Statement and vote your shares as soon as possible. Specific voting instructions are set forth in the Proxy Statement and on both the Important Notice Regarding the Availability of Proxy Materials and proxy card. We urge you to vote as soon as possible even if you plan to attend the 2021 annual meeting of the stockholders, so that if you are unable to attend the annual meeting, your shares can be voted. Voting now will not limit your right to change your vote or to attend the 2021 annual meeting. If you should be present at the annual meeting and desire to vote in person, you may revoke any previously submitted proxy. If your shares are held in the name of a broker, bank, or other holder of record, follow the voting instructions you received from the holder of record in order to vote your shares.

If you are a beneficial owner of shares, to the extent that your bank, broker, or other holder of record has provided you with proxy materials and you do not instruct your bank, broker, or other holder of record how you want to vote, your shares may not be voted by a record holder on Proposal Nos. 1-3. Accordingly, we urge you to give instructions to your bank, broker, or other holder of record as to how you wish your shares to be voted so you may participate in the stockholder voting on these important matters.

The individuals named as proxies on the proxy card to vote your shares also have the discretionary authority to vote your shares, to the extent permitted by Rule 14(a)-4(c) under the Securities Exchange Act of 1934, as amended, on any matter that is properly brought before the annual meeting. As of the date of the Notice of Annual Meeting of Stockholders, we knew of no other matters to be presented at the annual meeting.

VOTING INFORMATION

Voting rights. As of March 23, 2021, the record date for the meeting, we had 15,580,649 shares of common stock outstanding. Each share of our common stock outstanding on the record date is entitled to one vote on all items being voted on at the meeting. You can vote all of the shares that you owned on the record date. These shares may include: (1) shares held directly in your name as the stockholder of record, and (2) shares held for you as the beneficial owner through a stockbroker, bank, or other nominee.

Voting instructions. We encourage all stockholders to submit votes in advance of the meeting. Whether you hold shares directly as the stockholder of record or beneficially in street name, you may direct how your shares are voted in advance of the meeting.

- Stockholder of record. If your shares are registered directly in your name with Red Robin's transfer agent, American Stock Transfer & Trust Company, you are considered the stockholder of record of those shares and we are sending these proxy materials directly to you. If you are a stockholder of record, you may vote by submitting a proxy. We have enclosed a proxy card and return envelope for you to use.
- Beneficial ownership. If your shares are held in a brokerage account, by a bank, broker, trustee, or other nominee, you are considered the beneficial owner of shares held in street name. Your proxy materials are being forwarded to you by your bank, broker, trustee, or nominee, who is considered the stockholder of record of those shares. As the beneficial owner, you have the right to direct your bank, broker, trustee, or nominee on how to vote via the Internet or by telephone if the bank, broker, trustee, or nominee offers these options or by signing and returning a proxy card. Your bank, broker, trustee, or nominee provides you instructions on

how to vote your shares. Stock exchange rules prohibit brokers from voting on Proposal No. 1 (election of directors), Proposal No. 2 (advisory vote on executive compensation), and Proposal No. 3 (approval of an amendment to the Company’s 2017 Performance Incentive Plan) without receiving instructions from the beneficial owner of the shares. In the absence of instructions, shares subject to such broker non-votes will not be counted as voted or as present or represented on those proposals and so will have no effect on the vote for Proposal Nos. 1, 2, and 3. Votes directed by Internet or telephone through such a bank, broker, trustee, or nominee must be received by 11:59 p.m. Eastern Time on May 19, 2021, unless otherwise directed by your bank or broker. Because a beneficial owner is not the stockholder of record, you may not vote these shares in person at the meeting unless you obtain and submit a “legal proxy” from the broker, bank, or other holder of record that holds your shares, giving you the right to vote the shares at the meeting.

Voting in-person. Shares held in your name as the stockholder of record may be voted in person at the annual meeting. Shares held beneficially in street name may be voted in person only if you obtain and submit a legal proxy from the broker, bank, or other holder of record that holds your shares giving you the right to vote the shares.

Additional meeting matters. We do not expect any matters to be presented for a vote at the meeting other than the matters described in this proxy statement. If you grant a proxy, either of the officers named as proxy holder, Lynn S. Schweinfurth or Michael L. Kaplan, or their nominee(s) or substitute(s), will have the discretion to vote your shares on any additional matters that are properly presented for a vote at the meeting. If a nominee is not available as a candidate for director, the person named as the proxy holder will vote your proxy for another candidate nominated by our board of directors.

VOTES REQUIRED FOR EACH PROPOSAL

The following four proposals will be presented at the annual meeting for your vote.

Our board of directors recommends a vote **FOR** all the director nominees in Proposal 1, and **FOR** Proposals 2, 3, and 4.

Proposal		Votes Required for Each Proposal	Board’s Voting Recommendation	Page Reference (for more detail)
1	Election of Directors	Affirmative vote of a majority of the votes cast	<u>FOR</u> All nominees	10
2	Advisory Vote to Approve Executive Compensation	Affirmative vote of a majority of the votes cast	<u>FOR</u>	70
3	Amendment to the Company’s 2017 Performance Incentive Plan, to increase shares available for issuance	Affirmative vote of a majority of the votes cast	<u>FOR</u>	71
4	Ratification of Independent Auditor	Affirmative vote of a majority of the votes cast	<u>FOR</u>	79

ATTENDANCE AT THE MEETING

All stockholders as of the record date, or their duly appointed proxies, may attend the meeting.

If you are not a stockholder of record but hold shares through a bank, broker, or other holder of record, you should provide proof of beneficial ownership on the record date, such as your most recent account statement as of March 23, 2021 or other similar evidence of ownership. If you do not have valid, current, government-issued photo identification, such as a driver's license, or proof of your stock ownership, you will not be admitted to the meeting. Please arrive early enough to allow yourself adequate time for registration, security, and health screening. Registration and seating will begin at 7:30 a.m. MDT.

No cameras, laptops, recording equipment, other similar electronic devices, signs, placards, briefcases, backpacks, large bags, or packages will be permitted in the annual meeting. The Company reserves the right to deny admittance to any stockholder who attempts to bring any such item into the annual meeting. Small purses are permissible, but they and any bags or packages permitted in the meeting room will be subject to inspection. All security procedures and instructions require strict adherence. By attending the annual meeting, stockholders agree to abide by the agenda and procedures for the annual meeting, copies of which will be distributed to attendees at the meeting.

In accordance with CDC and state and local guidance, we will have physical distancing arrangements in place and masks will be required for all attendees. Additionally, there will be a mandatory health screening and temperature check required for entry to the building. If you have a fever or other symptoms of COVID-19, you will not be permitted to attend the meeting in person.

DETERMINATION OF QUORUM

The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of our common stock outstanding as of the record date will constitute a quorum. There must be a quorum for any action to be taken at the meeting (other than an adjournment or postponement of the meeting). If you submit a properly executed proxy card, even if you abstain from voting, then your shares will be counted for purposes of determining the presence of a quorum. Broker non-votes will be counted for purposes of determining the presence of a quorum at the meeting.

REVOCABILITY OF PROXIES

Even after you have submitted your proxy, you may change your vote or revoke your proxy at any time before the votes are cast at the meeting by: (1) delivering a written notice of your revocation to our corporate secretary at our principal executive office, 6312 South Fiddler's Green Circle, Suite 200N, Greenwood Village, Colorado 80111; (2) executing and delivering a later dated proxy; or (3) voting in person at the annual meeting. In addition, the powers of the proxy holders will be suspended if you attend the meeting in person and so request, although attendance at the meeting will not by itself revoke a previously granted proxy.

If your shares are held in "street name" (i.e., held of record by a bank, broker, or other holder of record) and you wish to revoke a proxy, you should contact your bank, broker, or other holder of record and follow its procedures for changing your voting instructions. You also may vote in person at the annual meeting if you obtain and submit a legal proxy from your bank, broker, or other holder of record.

Only the latest validly executed proxy that you submit will count.

PROXY SOLICITATION COSTS

The accompanying proxy is being solicited on behalf of the board of directors of our Company. The expense of preparing, printing, and mailing the notice regarding internet availability or proxy card and the material used in the solicitation thereof will be borne by the Company. In addition to the use of the mail, proxies may be solicited by telephone, other electronic means, or in person, by our directors, officers, and employees at no additional compensation. Arrangements may also be made with brokerage houses and other custodians, nominees, and fiduciaries for the forwarding of solicitation material to the beneficial owners of stock held of record by such persons, and we may reimburse them for reasonable out-of-pocket expenses incurred by them in connection therewith. In addition, Georgeson LLC has been retained to assist in the solicitation of proxies for the 2021 annual meeting of stockholders for a fee of approximately \$9,500 plus associated costs and expenses.

DELIVERY OF PROXY MATERIALS

This proxy statement and the accompanying proxy card were first mailed to our stockholders on or about April 9, 2021.

Important Notice Regarding Availability of Proxy Materials

Our proxy materials are available at <http://www.redrobin.com/eproxy>.

“HOUSEHOLDING” OF PROXY MATERIALS

As permitted by applicable law, we may deliver only one copy of certain of our documents, including the proxy statement, annual report, and information statement to stockholders residing at the same address, unless such stockholders have notified us of their desire to receive multiple copies thereof. This process, which is commonly referred to as “householding,” is intended to provide extra convenience for stockholders and cost savings for the Company.

If you wish to opt-out of householding and continue to receive multiple copies of the proxy materials at the same address, you may do so at any time prior to thirty days before the mailing of the proxy materials, which are typically mailed in April of each year, by notifying us in writing at: Red Robin Gourmet Burgers, Inc., Attn: Stockholder Services, 6312 South Fiddler’s Green Circle, Suite 200N, Greenwood Village, Colorado 80111, or by contacting us at (303) 846-6000. You also may request additional copies of the proxy materials by notifying us in writing at the same address or contacting us at (303) 846-6000, and we will undertake to deliver such additional copies promptly. If you share an address with another stockholder and currently are receiving multiple copies of the proxy materials, you may request householding by notifying us at the above referenced address or telephone number.

ADDITIONAL INFORMATION

OTHER BUSINESS

The board knows of no other matters to be presented for stockholder action at the meeting. If other matters are properly brought before the meeting, the persons named as proxies in the accompanying proxy card intend to vote the shares represented by them in accordance with their best judgment.

STOCK OWNERSHIP INFORMATION

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Except as indicated by footnote, and except for

community property laws where applicable, the persons named in the tables below have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them. The percentage of beneficial ownership for each table is based on 15,580,649 shares of common stock outstanding as of March 23, 2021.

Stock Ownership of Certain Beneficial Owners

The following table sets forth information regarding beneficial owners of more than 5% of our common stock as of March 23, 2021 (unless otherwise indicated). All information is taken from or based upon ownership filings made by such persons with the SEC or upon information provided by such persons to the Company.

Name and Address of Beneficial Owner	Shares Beneficially Owned	
	Amount and Nature of Beneficial Ownership	Percent of Class
T. Rowe Price Associates, Inc.(1)	2,895,661	18.6%
BlackRock, Inc.(2)	2,323,102	14.9%
American Century Investment Management, Inc.(3)	1,955,106	12.6%
The Vanguard Group(4)	917,548	5.9%
Soviero Master Fund, LP(5)	820,000	5.3%

- (1) This information is based on an amendment to Schedule 13G filed with the SEC on February 16, 2021 jointly by T. Rowe Price Associates, Inc. (“Price Associates”) and T. Rowe Price Small-Cap Stock Fund, Inc. (“Price Small-Cap Fund”). These securities are owned by various individual and institutional investors, including Price Associates (which was the beneficial owner with sole dispositive power as to an aggregate of 2,895,661 shares and sole voting power as to an aggregate of 843,461 shares) and Price Small-Cap Fund (which was the beneficial owner with sole voting power as to an aggregate of 873,784 shares, which amount such amended Schedule 13G reports is also included in the aggregate amount reported by Price Associates). For the purposes of the reporting requirements of the Exchange Act, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities. The address for Price Associates’ principal business office is 100 E. Pratt Street, Baltimore, Maryland 21202.
- (2) This disclosure is based on an amendment to Schedule 13G filed with the SEC on January 26, 2021. At the time of filing, the reporting person reported being a holding company that has sole voting power over 2,307,345 shares and sole dispositive power over 2,323,102 shares. The filing also reports that the interest of one person, iShares Core S&P Small-Cap ETF, in the shares is greater than five percent (5%) of the total number of outstanding shares. The address of this reporting person is 55 East 52nd Street, New York, New York 10055.
- (3) This disclosure is based on a Schedule 13G filed with the SEC on February 11, 2021 by American Century Investment Management, Inc. (“American Century”). At the time of filing, American Century reported being an investment advisor that has sole voting power over 1,877,848 shares and sole dispositive power over 1,955,106 shares. The address for American Century’s principal business office is 4500 Main Street, 9th floor, Kansas City, Missouri 64111.
- (4) This disclosure is based on a Schedule 13G filed with the SEC on February 10, 2021 by The Vanguard Group (“Vanguard”). At the time of filing, Vanguard reported being an investment advisor that has shared voting power over 10,227 shares, sole dispositive power over 903,190 shares and shared dispositive power over 14,358 shares. The address for Vanguard’s principal business office is 100 Vanguard Blvd., Malvern, Pennsylvania 19355.

(5) This disclosure is based on a Schedule 13G filed with the SEC on March 18, 2021 by Soviero Master Fund LP (“Soviero”). At the time of the filing, Soviero reported being a fund that has shared voting power over 820,000 shares and shared dispositive power over 820,000 shares. The address of Soviero’s principal business office is 3 Columbus Circle, Suite 1588, New York, NY 10019.

Stock Ownership of Directors and Management

The following table contains information about the beneficial ownership (unless otherwise indicated) of our common stock as of March 23, 2021 by:

- each of our directors and director nominees;
- each named executive officer set forth in the Summary Compensation Table; and
- all directors and executive officers as a group.

Name of Beneficial Owner	Shares Beneficially Owned(1)	
	Amount and Nature of Ownership	Percent of Class
Paul J.B. Murphy(2)	69,650	*
Lynn S. Schweinfurth(3)	27,582	*
Jonathan A. Muhtar(4)	66,218	*
Michael L. Kaplan(5)	37,127	*
Michael Buchmeier(6)	10,302	*
Dean Cookson(7)	2,780	*
Anthony S. Ackil(8)	9,063	*
Thomas G. Conforti(9)	18,056	*
Cambria W. Dunaway(10)	25,067	*
G.J. Hart(11)	10,579	*
Kalen F. Holmes(12)	21,842	*
Glenn B. Kaufman(13)	40,501	*
Steven K. Lumpkin(14)	31,842	*
David A. Pace(15)	18,756	*
Allison Page (16)	10,357	*
Anddria Varnado	-	*
Directors and executive officers as a group (16 persons)(17)	399,722	2.5%

* Represents beneficial ownership of less than one percent (1.0%) of the outstanding shares of our common stock.

- (1) If a stockholder holds options, restricted stock units, or other securities that are currently vested or exercisable or that vest or become exercisable within 60 days of March 23, 2021, in accordance with the rules of the SEC, we treat the common stock underlying those securities as owned by that stockholder and as outstanding shares when we calculate the stockholder’s percentage ownership of our common stock, and we do not consider that common stock to be outstanding when we calculate the percentage ownership of any other stockholder.
- (2) Consists of 10,000 shares of common stock held indirectly by Mr. Murphy in a trust of which Mr. Murphy is a co-trustee, 19,826 restricted stock units that will vest and 39,824 shares of common stock subject to options that are currently exercisable or exercisable within 60 days of March 23, 2021.

- (3) Consists of 14,252 shares of common stock held directly by Ms. Schweinfurth, 5,219 restricted stock units that will vest and 8,111 shares of common stock subject to options that are currently exercisable or exercisable within 60 days of March 23, 2021.
- (4) Consists of 11,162 shares of common stock held directly by Mr. Muhtar, 4,264 restricted stock units that will vest and 50,792 shares of common stock subject to options that are currently exercisable or exercisable within 60 days of March 23, 2021.
- (5) Consists of 4,743 shares of common stock held directly by Mr. Kaplan, 2,908 restricted stock units that will vest and 29,476 shares of common stock subject to options that are currently exercisable or exercisable within 60 days of March 23, 2021.
- (6) Consists of 4,109 shares of common stock held directly by Mr. Buchmeier, 1,388 restricted stock units that will vest and 4,805 shares of common stock subject to options that are currently exercisable or exercisable within 60 days of March 23, 2021.
- (7) Consists of 2,780 shares of common stock held directly by Mr. Cookson as of his termination date. Mr. Cookson resigned as Senior Vice President and Chief Information Officer of the Company effective as of August 28, 2020.
- (8) Consists of 9,063 restricted stock units that will vest within 60 days of March 23, 2021.
- (9) Consists of 2,788 shares of common stock held directly by Mr. Conforti, 7,500 shares of common stock held indirectly by Mr. Conforti in a trust of which Mr. Conforti is the trustee and 7,768 restricted stock units that will vest within 60 days of March 23, 2021.
- (10) Consists of 12,299 shares of common stock held directly by Ms. Dunaway, 7,768 restricted stock units that will vest and 5,000 shares of common stock subject to options that are currently exercisable or exercisable within 60 days of March 23, 2021.
- (11) Consists of 2,811 shares of common stock held directly by Mr. Hart and 7,768 restricted stock units that will vest within 60 days of March 23, 2021.
- (12) Consists of 9,074 shares of common stock held directly by Ms. Holmes, 7,768 restricted stock units that will vest and 5,000 shares of common stock subject to options that are currently exercisable or exercisable within 60 days of March 23, 2021.
- (13) Consists of 32,733 shares of common stock held directly by Mr. Kaufman and 7,768 restricted stock units that will vest within 60 days of March 23, 2021.
- (14) Consists of 19,074 shares of common stock held indirectly by Mr. Lumpkin in a trust of which Mr. Lumpkin is the trustee, 7,768 restricted stock units that will vest and 5,000 shares of common stock subject to options that are currently exercisable or exercisable within 60 days of March 23, 2021.
- (15) Consists of 10,988 shares of common stock held directly by Mr. Pace and 7,768 restricted stock units that will vest within 60 days of March 23, 2021.
- (16) Consists of 10,357 restricted stock units that will vest within 60 days of March 23, 2021.
- (17) Includes 107,401 restricted stock units that will vest and 148,008 shares of common stock subject to options that are currently exercisable or exercisable within 60 days of March 23, 2021.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than ten percent of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors, and greater than ten percent stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. To our knowledge, based solely on a review of the copies of such reports furnished to us and representations that no other reports were required, during fiscal year 2020, all of our officers, directors, and greater than ten percent beneficial owners timely complied with all Section 16(a) filing requirements.

EQUITY COMPENSATION PLAN INFORMATION

We maintain three equity-based compensation plans—the Second Amended and Restated 2007 Performance Incentive Plan (the “2007 Plan”), the 2017 Performance Incentive Plan (the “2017 Plan”), and the Amended and Restated Employee Stock Purchase Plan (the “ESPP”). Our stockholders have approved each of these plans.

The following table sets forth our equity compensation plans in the aggregate, the number of shares of our common stock subject to outstanding options and rights under these plans, the weighted average exercise price of outstanding options, and the number of shares remaining available for future award grants under these plans as of December 27, 2020:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders			
2007 Plan(1)	219,874	\$59.40	-
2017 Plan(1)	1,183,946	\$17.43	559,429(2)
ESPP	N/A	N/A	161,989
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	1,403,820	\$36.64	721,418

(1) Shares reported in column (a) include 470,209 shares underlying non-qualified stock options, 347,107 shares underlying restricted stock units, and 586,504 shares underlying performance share units (PSUs) at maximum payout awarded to our executive officers in 2019 and 2020. The PSU awards cliff-vest at the end of a three-year performance cycle, generally subject to executive’s continued employment through the applicable vesting date, with the number of PSUs determined based on achievement of performance goals as approved by the compensation committee. Column (b) does not take shares underlying restricted stock units and performance stock units into account.

(2) The remaining number of shares available under the 2017 Plan reflects PSU awards at maximum payout.

PROPOSALS FOR INCLUSION IN 2022 PROXY STATEMENT

For your proposal or director nomination to be considered for inclusion in our proxy statement for next year’s meeting, your written proposal must be received by our corporate secretary at our principal executive office no later than December 6, 2021. If we change the date of next year’s meeting by more than 30 days from the date of this year’s meeting, then the deadline is a reasonable time before we begin to print and mail our proxy materials. You should also be aware that your proposal must comply with SEC regulations regarding inclusion of stockholder proposals in Company-sponsored proxy materials and the Bylaws.

PROPOSALS TO BE ADDRESSED AT 2022 ANNUAL MEETING (BUT NOT INCLUDED IN PROXY STATEMENT)

In order for you to properly bring a proposal (including director nominations) before next year’s annual meeting, our corporate secretary must receive a written notice of the proposal no later than February 23, 2022 and no earlier than January 24, 2022, and it must contain the additional information required by the Bylaws. All proposals received after February 23, 2022 will be considered untimely. You may obtain a complete copy of the Bylaws by submitting a written request to our corporate secretary at our principal executive office. If we change the date of next year’s meeting by more than 30 days from the date contemplated at this year’s meeting, in order for the proposal to be timely, we must receive your written proposal at least 90 days before the date of next year’s meeting or no more than 10 days following the day on which the meeting date is publicly announced.

By Order of the Board of Directors,



Michael L. Kaplan
Secretary

Greenwood Village, Colorado
April 5, 2021

APPENDIX A

RED ROBIN GOURMET BURGERS, INC. 2017 PERFORMANCE INCENTIVE PLAN (as proposed to be amended)

SECTION 1. DEFINITIONS

1.1 *Definitions.* Whenever used in the Plan, the masculine pronoun will be deemed to include the feminine, and the singular to include the plural, unless the context clearly indicates otherwise, and the following capitalized words and phrases are used in the Plan with the meaning thereafter ascribed:

- (a) *"Affiliate"* means:
 - (1) Any Subsidiary or Parent;
 - (2) An entity that directly or through one or more intermediaries controls, is controlled by, or is under common control with the Company, as determined by the Committee; or
 - (3) Any entity in which the Company has such a significant interest if the Company determines it should be deemed an *"Affiliate"*, as determined in the sole discretion of the Committee.
- (b) *"Award Agreement"* means any written or electronic agreement, contract, or other instrument or document as may from time to time be approved by the Committee as evidencing an Award granted under the Plan; provided, however, that Cash Performance Awards described in Section 3.5 need not be evidenced by an Award Agreement.
- (c) *"Awards"* means, collectively, Cash Performance Awards, Incentive Stock Options, Nonqualified Stock Options, Stock Appreciation Rights, and Other Stock-Based Awards.
- (d) *"Board of Directors"* means the board of directors of the Company.
- (e) *"Cash Performance Award"* means an Award described in Section 3.5 that is settled in cash and does not have a value that is derivative of the value of, determined by reference to a number of shares of, or determined by reference to dividends payable on, Stock.
- (f) *"Change in Control"* means, unless otherwise provided in the applicable Award Agreement:
 - (1) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a *"Person"*)) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% or more of either (A) the then-outstanding shares of common stock of the Company (the *"Outstanding Company Common Stock"*) or (B) the combined voting power of the then-outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the *"Outstanding Company Voting Securities"*); provided, however, that, for purposes of this definition, the following acquisitions shall not constitute a Change in Control; (I) any acquisition directly from the Company, (II) any acquisition by the Company, (III) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any affiliate of the Company or a successor, or (IV) any acquisition by any entity pursuant to a transaction that complies with Sections (3)(A), (B) and (C) below;

- (2) A majority of the individuals who, as of the Effective Date, serve on the Board (the “*Incumbent Board*”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board (including for these purposes, the new members whose election or nomination was so approved, without counting the member and his predecessor twice) shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;
- (3) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its Subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its Subsidiaries (each, a “*Business Combination*”), in each case unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Corporation’s assets directly or through one or more subsidiaries (an “*Acquiror*”)) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any entity resulting from such Business Combination or an Acquiror or any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination or Acquiror) beneficially owns, directly or indirectly, more than 50% of, respectively, the then- outstanding shares of common stock of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that the ownership in excess of more than 50% existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors or trustees of the entity resulting from such Business Combination or an Acquiror were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or
- (4) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company other than in the context of a transaction that does not constitute a Change in Control under clause (3) above.

Notwithstanding the foregoing, with respect to any Award that is subject to Code Section 409A, “Change in Control” will mean a “change in control event” under Code Section 409A to the extent Change in Control is either a payment or settlement event under such Award or such definition is otherwise required for the Award to satisfy the requirements of Code Section 409A; provided, however, that the

Committee may provide a different definition that complies with Code Section 409A in an applicable Award Agreement.

- (g) *“Code”* means the Internal Revenue Code of 1986, as amended.
- (h) *“Committee”* means, unless another committee is appointed by the Board of Directors to administer the Plan, the Compensation Committee of the Board of Directors; provided that, if no such committee is appointed, the Board of Directors in its entirety shall constitute the Committee. The Board of Directors shall consider the advisability of whether the members of the Committee shall consist solely of two or more members of the Board of Directors who are both *“outside directors”* as defined in Treas. Reg. § 1.162-27(e) as promulgated by the Internal Revenue Service and *“non-employee directors”* as defined in Rule 16b-3(b)(3) as promulgated under the Exchange Act, and if applicable, who satisfy the requirements of the national securities exchange or nationally recognized quotation or market system on which the Stock is then traded. Notwithstanding the foregoing, with respect to Awards granted by an officer or officers of the Company and/or the Chairperson of the Compensation Committee pursuant to *Section 2.3(b)*, the *“Committee”* as used in the Plan shall mean such officer or officers and/or such Chairperson, unless the context would clearly indicate otherwise.
- (i) *“Company”* means Red Robin Gourmet Burgers, Inc., a Delaware corporation.
- (j) *“Disability”* unless otherwise defined by the Committee in the applicable Award Agreement, means either (i) the Participant has been determined to be disabled under the Company’s long-term disability plan or (ii) the Committee has determined that the Participant has a physical or mental infirmity that impairs the Participant’s ability to perform substantially his or her duties for a period of ninety (90) days in any 365-day period. If no long-term disability plan or policy was ever maintained on behalf of the Participant, or if the determination of Disability relates to an Incentive Stock Option, Disability means that condition described in Code Section 22(e)(3), as amended from time to time. In the event of a dispute, the determination of Disability will be made by the Committee and will be supported by advice of a physician competent in the area to which such Disability relates.
- (k) *“Exchange Act”* means the Securities Exchange Act of 1934, as amended from time to time.
- (l) *“Exercise Price”* means the exercise price per share of Stock purchasable under an Option.
- (m) *“Fair Market Value”* refers to the determination of the value of a share of Stock as of a date, determined as follows:
 - (1) if the shares of Stock are listed on any national securities exchange or any nationally recognized quotation or market system (including, without limitation Nasdaq), Fair Market Value shall mean the closing price of the Stock on such date or, if such date is not a trading day, on the trading day immediately preceding such date, as reported by any such exchange or system selected by the Committee on which the shares of Stock are then traded; or
 - (2) if the shares of Stock are not listed on any exchange or system on such date or on the business day immediately preceding such date, Fair Market Value shall mean the fair market value of a share of Stock as determined by the Committee taking into account such facts and circumstances deemed to be material by the Committee to the value of the Stock in the hands of the Participant.

Notwithstanding the foregoing, for purposes of Paragraph (1) or (2) above, the Committee may use the closing price as of the indicated date, the average price or value as of the indicated date or for a period certain ending on the indicated date, the price determined at the time the transaction is processed, the tender offer price for shares of Stock, or any other method which the Committee determines is reasonably indicative of the fair market value of the Stock; provided, however, that for purposes of granting Nonqualified Stock Options or Stock Appreciation Rights, Fair Market Value of Stock shall be determined in accordance with the requirements of Code Section 409A, and for purposes of granting Incentive Stock Options, Fair Market Value of Stock shall be determined in accordance with the requirements of Code Section 422.

- (n) *"Incentive Stock Option"* means an incentive stock option within the meaning of Code Section 422.
- (o) *"Individual Agreement"* means an employment, consulting, severance or similar written agreement between a Participant and the Company or one of its Affiliates (but not, for clarity, an Award Agreement).
- (p) *"Nonqualified Stock Option"* means a stock option that is not an Incentive Stock Option.
- (q) *"Option"* means a Nonqualified Stock Option or an Incentive Stock Option.
- (r) *"Other Stock-Based Award"* means an Award described in *Section 3.4* that has a value that is derivative of the value of, determined by reference to a number of shares of, or determined by reference to dividends payable on, Stock and that may be settled in cash, in Stock or in a combination thereof. Other Stock-Based Awards may include, but are not limited to, restricted stock, restricted stock units, performance shares, grants of Stock, grants of rights to receive Stock in the future, or dividend equivalent rights.
- (s) *"Over 10% Owner"* means an individual who, at the time an Incentive Stock Option is granted to such individual, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or its Parent or Subsidiaries, determined by applying the attribution rules of Code Section 424(d).
- (t) *"Parent"* means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if, with respect to Incentive Stock Options, at the time of the granting of the Option, each of the corporations other than the Company owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A Parent shall include any entity other than a corporation to the extent permissible under Code Section 424(e) or regulations and rulings thereunder.
- (u) *"Participant"* means an individual who receives an Award under the Plan.
- (v) *"Performance Goals"* means any one or more of the following performance goals, intended by the Committee to constitute objective goals for purposes of Code Section 162(m), either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit, division, or Affiliate (or business unit or division of an Affiliate), either individually, alternatively or in combination, and measured either monthly, quarterly, annually, or over another specified period or cumulatively or averaged over a period of months, quarters, years, or other specified period, on an absolute basis or relative to a pre-established

target, to one or more previous periods' results or to a designated comparison group, in each case as specified by the Committee in the Award:

- (i) earnings per share;
- (ii) book value per share;
- (iii) operating cash flow;
- (iv) free cash flow;
- (v) cash flow return on investments;
- (vi) cash available;
- (vii) net income (before or after taxes);
- (viii) revenue or revenue growth;
- (ix) total shareholder return;
- (x) return on invested capital;
- (xi) return on shareholder equity;
- (xii) return on assets;
- (xiii) return on common book equity;
- (xiv) return on gross investment;
- (xv) market share;
- (xvi) economic value added;
- (xvii) operating margin;
- (xviii) profit margin;
- (xix) stock price;
- (xx) enterprise value;
- (xxi) operating income;
- (xxii) EBIT or EBITDA;
- (xxiii) expenses or operating expenses;
- (xxiv) productivity of employees as measured by revenues, costs, or earnings per employee;
- (xxv) working capital;
- (xxvi) improvements in capital structure;

- (xxvii) guest retention, traffic, and/or satisfaction;
- (xxviii) safety;
- (xxix) completion of identified specific projects;
- (xxx) market share;
- (xxxi) employee retention and/or engagement;
- (xxxii) completion of operating milestones;
- (xxxiii) cost reduction goals;
- (xxxiv) Company, franchise, or system same restaurant sales;
- (xxxv) Company, franchise, or system restaurant growth in number of new restaurants;
- (xxxvi) average restaurant volume growth; or
- (xxxvii) any combination of the foregoing.

Any of the foregoing may be determined on a per share basis (basic or diluted) as appropriate. The Committee may appropriately adjust any evaluation of performance under a Performance Goal to remove the effect of any one or more of the following: equity compensation expense under ASC 718; accelerated amortization of acquired technology and intangibles; asset write-downs; litigation or claim judgments or settlements; changes in or provisions under tax law, accounting principles or other such laws or provisions affecting reported results; accruals for reorganization and restructuring programs; discontinued operations; restaurant closure costs; executive transition costs; acquisition and dispositions; a material change in planned capital expenditures; and any items that are unusual in nature, non-recurring or infrequent in occurrence, except where such action would result in the loss of the otherwise available exemption of the Award under Code Section 162(m), if applicable.

- (w) *“Performance Period”* means, with respect to an Award, a period of time within which the Performance Goals relating to such Award are to be measured. The Performance Period will be established by the Committee at the time the Award is granted.
- (x) *“Plan”* means the Red Robin Gourmet Burgers, Inc. 2017 Performance Incentive Plan.
- (y) *“Securities Act”* means the Securities Act of 1933, as amended from time to time.
- (z) *“Separation from Service”* means a termination of a Participant’s employment or other service relationship with the Company, subject to the following requirements:
 - (1) in the case of a Participant who is an employee of the Company, a termination of the Participant’s employment where either (A) the Participant has ceased to perform any services for the Company and all affiliated companies that, together with the Company, constitute the “service recipient” within the meaning of Code Section 409A (collectively, the *“Service Recipient”*) or (B) the level of bona fide services the Participant performs for the Service Recipient after a given date (whether as an employee or as an independent contractor) permanently decreases (excluding a decrease as a result of military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six months, or if longer, so long as the Participant retains a right to reemployment with the Service Recipient under an

applicable statute or by contract) to no more than twenty percent (20%) of the average level of bona fide services performed for the Service Recipient (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of service if the Participant has been providing services to the Service Recipient for less than 36 months) that, in either case, constitutes a “separation from service” within the meaning of Code Section 409A and the regulations thereunder;

(2) in the case of a Participant who is an independent contractor engaged by the Service Recipient, a termination of the Participant’s service relationship with the Service Recipient upon the expiration of the contract (or in the case of more than one contract, all contracts) under which services are performed for the Service Recipient if the expiration constitutes a good-faith and complete termination of the contractual relationship that constitutes a “separation from service” within the meaning of Code Section 409A and the regulations thereunder; or

(3) in any case, as may otherwise be permitted under Code Section 409A.

(aa) “*Stock*” means the Company’s common stock.

(bb) “*Stock Appreciation Right*” means a stock appreciation right described in *Section 3.3*.

(cc) “*Subsidiary*” means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the relevant time, each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in the chain. A “*Subsidiary*” shall include any entity other than a corporation to the extent permissible under Code Section 424(f) or regulations or rulings thereunder.

(dd) “*Termination of Employment*” means the termination of the employment relationship between a Participant and the Company and its Affiliates, regardless of whether severance or similar payments are made to the Participant for any reason, including, but not limited to, a termination by resignation, discharge, death, Disability or retirement. Further, if an entity ceases to be a Subsidiary, a Termination of Employment will be deemed to have occurred with respect to each Participant in respect of such Subsidiary who does not continue to be eligible to receive Awards under this Plan in respect of such Participant’s relationship to the Company or another Subsidiary that remains a Subsidiary after giving effect to the event giving rise to the entity ceasing to be a Subsidiary. The Committee will, in its absolute discretion, determine the effect of all matters and questions relating to a Termination of Employment as it affects an Award, including, but not by way of limitation, the question of whether a leave of absence constitutes a Termination of Employment.

SECTION 2. THE PERFORMANCE INCENTIVE PLAN

2.1 Purpose of the Plan. The purpose of this Plan is to promote the success of the Company and to increase stockholder value by (a) incentivizing the officers, employees, directors, consultants, and other service providers of the Company and its Affiliates to foster and build upon the continued success of the Company and to operate and manage the business in a manner that will provide for the long-term growth and profitability of the Company; (b) encouraging stock ownership by certain officers, employees, directors, consultants, and other service providers by providing them with a means to acquire a proprietary interest in the Company, acquire shares of Stock, or to receive compensation which is based upon

appreciation in the value of Stock; and (c) providing a means of obtaining, rewarding and retaining officers, employees, directors, consultants, and other service providers.

2.2 *Stock Subject to the Plan.* Subject to adjustment in accordance with Section 5.2, the sum of (i) ~~1,200,000~~ 1,550,000 shares of Stock plus (ii) the number of shares of Stock available for grant under the Red Robin Gourmet Burgers, Inc. Second Amended and Restated 2007 Performance Incentive Plan (the "Maximum Plan Shares") are hereby reserved exclusively for issuance upon exercise, settlement, or payment pursuant to Awards, all or any of which may be pursuant to any one or more Award(s), including, without limitation, Incentive Stock Options. Shares of Stock will not be deemed to have been issued pursuant to the Plan with respect to any portion of an Award that is settled in cash. The shares of Stock attributable to the nonvested, unpaid, unexercised, unconverted or otherwise unsettled portion of any Award that is forfeited or cancelled or expires or terminates for any reason without becoming vested, paid, exercised, converted or otherwise settled in full will again be available for purposes of the Plan. The following shares, however, may not again be made available for grant in respect of Awards under this Plan: (i) shares not issued or delivered as a result of the net settlement of an outstanding Option or Stock Appreciation Right; (ii) shares delivered to or withheld by the Company to pay the Option or Grant Price of or the withholding taxes with respect to an Award, and (iii) shares repurchased on the open market with the proceeds from the payment of the Option Price of an Option. Shares of Stock available for Awards under the Plan may consist, in whole or in part, of authorized and unissued shares, treasury shares or shares reacquired by the Company in any manner.

2.3 *Administration of the Plan.*

- (a) The Plan is administered by the Committee. The Committee has full authority in its discretion to determine the officers, employees, directors, consultants, and other service providers of the Company or its Affiliates to whom Awards will be granted and the terms and provisions of Awards, subject to the provisions of the Plan. Subject to the provisions of the Plan, the Committee has full and conclusive authority to interpret the Plan; to prescribe, amend and rescind rules and regulations relating to the Plan; to determine the terms and provisions of the respective Award Agreements; and to make all other determinations necessary or advisable for the proper administration of the Plan. The Committee's determinations under the Plan need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, Awards under the Plan (whether or not such persons are similarly situated). The Committee's decisions are final and binding on all Participants.
- (b) Notwithstanding any other provision of this Plan, the Board of Directors may by resolution authorize one or more officers of the Company and/or the Chairperson of the Compensation Committee of the Board of Directors to do one or both of the following: (1) designate individuals (other than officers or directors of the Company or any Affiliate who are subject to Section 16 of the Exchange Act) to receive Awards under the Plan, and (2) determine the type of Awards and the terms and conditions and number of shares of Stock or the amount of cash subject to such Awards; provided however, that any such delegation will be subject to such parameters and restrictions consistent with the Plan as the Board of Directors specifies, including, without limitation, the total number of shares of Stock that may be granted subject to such Awards, if applicable.
- (c) No member of the Board of Directors or Committee, nor any person to whom authority is delegated under subsection (b), will be liable for any action taken or any determination made in good faith with respect to the Plan or any Award granted under the Plan.

2.4 Eligibility and Limits.

- (a) Awards may be granted only to officers, employees, directors, consultants, and other service providers of the Company or any Affiliate of the Company; provided, however, that (1) an Incentive Stock Option may only be granted to an employee of the Company or any Parent or Subsidiary and (2) persons who are not officers, employees, or directors of the Company or an Affiliate of the Company may only be granted an Award under this Plan if such participation would not adversely affect the Company's eligibility to use Form S-8 to register under the Securities Act, the offering and sale of shares issuable under the Plan by the Company, or the Company's compliance with any other applicable laws.
- (b) In the case of Incentive Stock Options, (i) the aggregate Fair Market Value (determined as of the date an Incentive Stock Option is granted) of Stock with respect to which stock options intended to meet the requirements of Code Section 422 become exercisable for the first time by an individual during any calendar year under all plans of the Company and its Parents and Subsidiaries may not exceed \$100,000; provided further, that if the limitation is exceeded, the Incentive Stock Option(s) which cause the limitation to be exceeded will be treated as Nonqualified Stock Option(s); and (ii) the maximum number of shares of Stock that may be delivered pursuant to Incentive Stock Options granted under the Plan is 700,000.
- (c) The maximum number of shares of Stock subject to any Options and Stock Appreciation Rights that may be granted under the Plan during any calendar year to any individual other than a non-employee director is 170,000 shares. The maximum number of shares of Stock subject to any Options and Stock Appreciation Rights that may be granted under the Plan during any calendar year to any non-employee director is 25,000 shares, and the maximum value (determined on the grant date) of Full-Value Awards (as defined in Section 3.1(h)) that may be granted under the Plan during any calendar year to any non-employee director is \$250,000.
- (d) To the extent required under Code Section 162(m) and the regulations thereunder, as applicable, for compensation to be treated as qualified performance-based compensation, subject to adjustment in accordance with *Section 5.2*, the maximum number of shares of Stock with respect to which (1) Options, (2) Stock Appreciation Rights, or (3) other Awards (other than Other Stock-Based Awards that are payable in cash or Cash Performance Awards), to the extent they are granted with the intent that they qualify as qualified performance-based compensation under Code Section 162(m), may be granted during any calendar year to any employee may not exceed 150,000, and the maximum aggregate dollar amount that may be paid in any calendar year to any employee with respect to Other Stock-Based Awards that are payable in cash and Cash Performance Awards may not exceed \$3,000,000 multiplied by the number of years in the performance period. If an Option is cancelled, the cancelled Option will continue to be counted against the maximum number of shares for which options may be granted to an employee as described in this *Section 2.4*. If the exercise price of an Option is reduced or the base amount on which a Stock Appreciation Right is calculated is reduced, the transaction will be treated as the cancellation of the Option or the Stock Appreciation Right, as applicable, and the grant of a new Option or Stock Appreciation Right, as applicable. If an Option or Stock Appreciation Right is deemed to be cancelled as described in the preceding sentence, the Option or Stock Appreciation Right that is deemed to be cancelled and the Option or Stock Appreciation Right that is deemed to be granted will both be counted against the maximum number of shares for which Options or Stock Appreciation Rights may be granted to an employee as described in this *Section 2.4*.

SECTION 3. TERMS OF AWARDS

3.1 *Terms and Conditions of All Awards.*

- (a) The number of shares of Stock as to which an Award may be granted or the amount of an Award will be determined by the Committee in its sole discretion, subject to the provisions of *Section 2.2* as to the total number of shares available for grants under the Plan and to the limits set forth in *Section 2.4*.
- (b) Each Award will be evidenced by an Award Agreement in such form and containing such terms, conditions and restrictions as the Committee determines to be appropriate, including, without limitation, Performance Goals or other performance criteria, if any, that must be achieved as a condition to the vesting or settlement of the Award. The Committee shall establish applicable Performance Goals, if any, before twenty-five percent (25%) of the Performance Period has elapsed, but in no event later than within ninety (90) days after the first day of the applicable Performance Period. At the time any Performance Goals are established, whether the Performance Goals will be met must be substantially uncertain. If any Performance Goals are established as a condition to vesting or settlement of an Award and such Performance Goal is not based solely on the increase in the Fair Market Value of the Stock, the Committee shall certify in writing that the applicable Performance Goals were in fact satisfied before such Award is deemed to have vested or is settled, as applicable. Each Award Agreement is subject to the terms of the Plan and any provisions contained in an Award Agreement that are inconsistent with the terms of the Plan are null and void. To the extent an Award is subject to Performance Goals and the Committee desires that the Award constitute performance-based compensation under Code Section 162(m), the Committee will comply with all applicable requirements under Code Section 162(m), including the rules and regulations promulgated thereunder, in granting, modifying, and settling such Award. The Committee may, but is not required to, structure any Award so as to qualify as performance-based compensation under Code Section 162(m).
- (c) The date as of which an Award is granted will be the first date as of which the Committee (i) has approved the terms and conditions of the Award, (ii) has determined the recipient of the Award and the number of shares, if any, covered by the Award, and (iii) has taken all such other actions necessary to complete the grant of the Award or such later date as may be specified in the approval of such Award.
- (d) Any Award may be granted in connection with all or any portion of a previously or contemporaneously granted Award. Exercise or vesting of an Award granted in connection with another Award may result in a pro rata surrender or cancellation of a related Award, as specified in the applicable Award Agreement.
- (e) Awards are not transferable or assignable except by will or by the laws of descent and distribution in the State in which the Participant was domiciled at the time of the Participant's death, during the Participant's lifetime, are exercisable only by the Participant; provided that, in the event of the Disability of the Participant, the legal representative of the Participant may exercise the Participant's Award(s). In the event of the death of the Participant, the legal representative of the Participant's estate or, if no legal representative has been appointed within ninety (90) days of the Participant's death, the person(s) taking the Participant's Award(s) under the laws of descent and distribution in the State in which the Participant was domiciled at the time of the Participant's death may exercise the Participant's Award(s). Notwithstanding the above, the Committee may provide otherwise as to any Awards other

- than Incentive Stock Options (provided that such transfers shall only be permitted for no consideration to the Participant).
- (f) The Committee may, in its sole discretion, modify the terms and conditions of an Award, except to the extent that such modification would materially and adversely affect the rights of a Participant under the Award (except as otherwise permitted under the Plan or Award) or would be inconsistent with other provisions of the Plan.
 - (g) All Awards granted under the Plan are subject to any clawback or recoupment policy adopted by the Board of Directors or any committee thereof.
 - (h) With respect to any Full-Value Award issued to a Participant other than a non-employee member of the Board of Directors, the vesting of which is based solely on service with the Company (and not upon, either all or in part, the attainment of any Performance Goals), the minimum period of service required for such Award to vest is three years following the grant of such Award, provided that such Award may vest ratably in no less than equal annual increments over such period. With respect to any Full-Value Award issued to a Participant other than a non-employee member of the Board of Directors, the terms and conditions of which provide for vesting based on Performance Goals, the applicable performance measurement period may not be less than one year. With respect to any Option or Stock Appreciation Right issued to a Participant other than a non-employee member of the Board of Directors, the minimum service period required for such Award to vest is one year following the grant *date* of such Award. With respect to any Award issued to a non-employee member of the Board of Directors, the minimum period of service required for such Award to vest (or the minimum performance period for any such Award) shall be the period beginning on the date of grant and ending on the sooner of (i) the date of the next annual stockholders meeting and (ii) the one-year anniversary of the grant date of such Award. Except as provided in the immediately preceding sentence with respect to Awards issued to non-employee members of the Board of Directors, no installment or portion of any Award subject to a minimum vesting period specified in this section shall vest earlier than one-year after the date of grant of such Award. The Committee may not waive the applicable vesting requirements for an Award except in the case of death, Disability, and Change in Control. The term “Full-Value Award” includes Awards of restricted stock, restricted stock units, performance shares, and Other Stock-Based Awards granted under this Plan, but does not include Awards pursuant to which the Participant’s ultimate remuneration is limited solely to the post-grant appreciation in the value of the shares of the Company’s common stock subject to the Award (such as Options or Stock Appreciation Rights having a per share exercise of base price, as applicable, at least equal to the fair market value of a share of the Company’s common stock at the time of grant of such Award). This provision shall supersede any contrary provision in the Plan.

3.2 Terms and Conditions of Options. Each Option granted under the Plan must be evidenced by an Award Agreement. At the time an Option is granted, the Committee will determine whether the Option is an Incentive Stock Option described in Code Section 422 or a Nonqualified Stock Option, and the Option must be clearly identified as to its status as an Incentive Stock Option or a Nonqualified Stock Option. Incentive Stock Options may only be granted to employees of the Company or any Subsidiary or Parent. At the time any Incentive Stock Option granted under the Plan is exercised, the Company will be entitled to legend the certificates representing the shares of Stock purchased pursuant to the Option to clearly identify them as representing shares purchased upon the exercise of an Incentive Stock Option. An Incentive Stock Option may only be granted within ten (10) years from the earlier of the date the Plan is adopted or approved by the Company’s stockholders. Neither an Option nor the shares of Stock underlying an Option may be eligible for dividends or dividend equivalents.

(a) *Option Price.* Subject to adjustment in accordance with *Section 5.1* and the other provisions of this *Section 3.2*, the Exercise Price of any Options will be as set forth in the applicable Award Agreement, but in no event may it be less than Fair Market Value on the date the Option is granted. With respect to each grant of an Incentive Stock Option to a Participant who is an Over 10% Owner, the Exercise Price may not be less than one hundred and ten percent (110%) of Fair Market Value on the date the Option is granted.

(b) *Option Term.* No Incentive Stock Option may be exercised after the expiration of ten (10) years from the date the Option is granted. Further, any Incentive Stock Option granted to an Over 10% Owner may not be exercised after the expiration of five (5) years from the date the Option is granted. The term of any Nonqualified Stock Option will be as specified in the applicable Award Agreement but may not exceed ten (10) years from the date the Option is granted; provided, however, that if the term specified in an Award Agreement for a Nonqualified Stock Option would otherwise expire during a period when trading in Stock is prohibited by law or by the Company's insider trading policy, then the term of the Nonqualified Stock Option will be deemed to expire on the thirtieth (30th) day after expiration of the applicable prohibition, notwithstanding any contrary term in the Award Agreement.

(c) *Payment.* Payment for all shares of Stock purchased pursuant to exercise of an Option may be made in any form or manner authorized by the Committee in the Award Agreement or by amendment thereto, including, but not limited to, and in each case subject to such procedures or restrictions as the Committee may impose:

- (i) in cash or cash equivalents;
- (ii) by delivery to the Company of a number of shares of Stock owned by the Participant having an aggregate Fair Market Value of not less than the product of the Exercise Price multiplied by the number of shares the Participant intends to purchase upon exercise of the Option on the date of delivery;
- (iii) in a cashless exercise through a third party, except if and to the extent prohibited by law as to officers and directors, including without limitation, the Sarbanes-Oxley Act of 2002, as amended;
- (iv) notice and third party payment in such manner as may be authorized by the Committee; or
- (v) by having a number of shares of Stock withheld, the Fair Market Value of which as of the date of exercise is sufficient to satisfy the Exercise Price.

In the event that the Committee allows a Participant to exercise an Award by delivering shares of Stock owned by such Participant, and unless otherwise expressly provided by the Committee, any shares delivered which were initially acquired by the Participant from the Company (upon exercise of an Option or otherwise) must have been owned by the Participant for at least six months as of the date of delivery. Shares of Stock used to satisfy the Exercise Price will be valued at their Fair Market Value on the date of exercise. The Company is not obligated to deliver any shares of Stock acquired pursuant to the exercise of an Option unless and until it receives full payment of the Exercise Price therefor and any related withholding obligations under *Section 6.1* and any other conditions to exercise or purchase, as established from time to time by the Committee, have been satisfied. Unless otherwise expressly provided in the applicable Award Agreement, the Committee may at any time eliminate or limit a Participant's ability to pay the Exercise Price by any method other than cash payment to the Company. The holder of an Option, as such, has none of the rights of a stockholder.

(d) *Conditions to the Exercise of an Option.* Each Option granted under the Plan is exercisable by such person or persons, at such time or times, or upon the occurrence of such event or events, and in such amounts, as specified in the Award Agreement; provided, however, that subsequent to the grant of an Option, the Committee, at any time before complete termination of such Option, may modify the terms of an Option to the extent not prohibited by the terms of the Plan, including, without limitation, accelerating the time or times at which such Option may be exercised in whole or in part, and may permit the Participant or any other designated person to exercise the Option, or any portion thereof, for all or part of the remaining Option term, notwithstanding any provision of the Award Agreement to the contrary.

(e) *Termination of Incentive Stock Option.* With respect to an Incentive Stock Option, in the event of the Termination of Employment of a Participant, the Option or portion thereof held by the Participant which is unexercised will expire, terminate, and become unexercisable no later than of the date that is three months after the date of Termination of Employment; provided, however, that in the case of a holder whose Termination of Employment is due to death or Disability, one year will be substituted for such three month period; provided, further that such time limits may be extended by the Committee under the terms of the grant, in which case, the Incentive Stock Option will be a Nonqualified Stock Option if it is exercised after the time limits otherwise applicable to Incentive Stock Options. For purposes of this Subsection (e), the Termination of Employment of a Participant will not be deemed to have occurred if the Participant is employed by another corporation (or a parent or subsidiary corporation of such other corporation) which has assumed the Incentive Stock Option of the Participant in a transaction to which Code Section 424(a) is applicable.

(f) *Special Provisions for Certain Substitute Options.* Notwithstanding anything to the contrary in this Section 3.2, any Option issued in substitution for an option previously issued by another entity, which substitution occurs in connection with a transaction to which Code Section 424(a) or 409A is applicable, may provide for an Exercise Price computed in accordance with such Code Section and the regulations thereunder and may contain such other terms and conditions as the Committee may prescribe to cause such substitute Option to contain as nearly as possible the same terms and conditions (including the applicable vesting and termination provisions) as those contained in the previously issued option being replaced thereby.

(g) *No Reload Grants.* Options may not be granted under the Plan in consideration for, and may not be conditioned upon the delivery of, shares of Stock to the Company in payment of the Exercise Price and/or tax withholding obligation under any other Option held by a Participant.

(h) *No Repricing.* Except as provided in Section 5.1, without the approval of the Company's stockholders the exercise price of an Option may not be reduced after the grant of the Option and an Option may not be cancelled or surrendered in consideration of, or in exchange for, (i) the grant of a new Option having an Exercise Price below that of the Option that was surrendered, (ii) Stock, (iii) cash, or (iv) any other Award.

3.3 *Terms and Conditions of Stock Appreciation Rights.* Each Stock Appreciation Right granted under the Plan must be evidenced by an Award Agreement. A Stock Appreciation Right entitles the Participant to receive the excess of (1) the Fair Market Value of a specified or determinable number of shares of Stock at the time of payment or exercise over (2) a specified or determinable price, which may not be less than the Fair Market Value of such shares of Stock on the date of grant. A Stock Appreciation Right granted in connection with an Option may only be exercised to the extent that the related Option has not been exercised, paid, or otherwise settled. Neither a Stock Appreciation Right nor the shares of Stock underlying a Stock Appreciation Right are eligible for dividends or dividend equivalents.

(a) *Settlement.* Upon settlement of a Stock Appreciation Right, the Company shall pay the appreciation to the Participant in, at the discretion of the Committee, cash or shares of Stock (valued at the aggregate Fair Market Value on the date of payment or exercise) as provided in the Award Agreement or, in the absence of such provision, as the Committee determines.

(b) *Term.* The term of any Stock Appreciation Right will be as specified in the applicable Award Agreement, but may not exceed ten (10) years after the date the Stock Appreciation Right is granted; provided, however, that if the term specified in an Award Agreement for a Stock Appreciation Right would otherwise expire during a period when trading in Stock is prohibited by law or the Company's insider trading policy, then the term of the Stock Appreciation Right will be deemed to expire on the thirtieth (30th) day after expiration of the applicable prohibition, notwithstanding any contrary term in the Award Agreement.

(c) *Conditions to Exercise.* Each Stock Appreciation Right granted under the Plan is exercisable or payable at such time or times, or upon the occurrence of such event or events, and in such amounts, as specified in the Award Agreement; provided, however, that subsequent to the grant of a Stock Appreciation Right, the Committee may, at any time before complete termination of such Stock Appreciation Right, accelerate the time or times at which such Stock Appreciation Right may be exercised or paid in whole or in part.

(d) *No Repricing.* Except as provided in *Section 5.1*, without the approval of the Company's stockholders, the price of a Stock Appreciation Right may not be reduced after the grant of the Stock Appreciation Right, and a Stock Appreciation Right may not be cancelled or surrendered in consideration of, or in exchange for, (i) the grant of a new Stock Appreciation Right having a price below that of the Stock Appreciation Right that was surrendered, (ii) Stock, (iii) cash, or (iv) any other Award.

3.4 Terms and Conditions of Other Stock-Based Awards. An Other Stock-Based Award shall entitle the Participant to receive one or more of (i) a specified or determinable number of shares of Stock, (ii) the value of a specified or determinable number of shares of Stock, (iii) a percentage or multiple of the value of a specified number of shares of Stock or (iv) dividend equivalents on a specified, or a determinable number, or a percentage or multiple of a specified number, of shares of Stock. At the time of the grant, the Committee shall determine the specified number of shares of Stock or the percentage or multiple of the specified number of shares of Stock, as applicable; and the Performance Goals or other performance criteria, if any, applicable to the Other Stock-Based Award. The Committee may provide for an alternate percentage or multiple under certain specified conditions.

(a) *Payment.* Payment in respect of Other Stock-Based Awards may be made by the Company in cash or shares of Stock as provided in the applicable Award Agreement or, in the absence of such provision, as the Committee determines.

(b) *Conditions to Payment or Lapse of Restrictions.* Each Other Stock-Based Award granted under the Plan will be payable, and restrictions on such Other Stock-Based Award will lapse, at such time or times, or upon the occurrence of such event or events, and in such amounts, as specified in the applicable Award Agreement; provided, however, that subsequent to the grant of an Other Stock-Based Award, the Committee, at any time before complete termination of such Other Stock-Based Award, may accelerate the time or times at which such Other Stock-Based Award may be paid or such restrictions will lapse, in whole or in part. Dividends (and dividend equivalents granted with respect to shares of Stock subject to an Other Stock-Based Award), will accrue and not be paid until, and will be paid only to the extent, the Award vests and, with respect to Other Stock-Based Awards that are subject to Performance Goals or other performance criteria, is earned.

3.5 *Terms and Conditions of Cash Performance Awards.* A Cash Performance Award will entitle the Participant to receive, at a specified future date, payment of an amount equal to all or a portion of either (i) the value of a specified or determinable number of units (stated in terms of a designated or determinable dollar amount per unit), or (ii) a percentage or multiple of a specified cash amount. At the time of the grant, the Committee shall determine the base value of each unit; the number of units subject to a Cash Performance Award, the specified amount and the percentage or multiple of the specified amount, as applicable; and the Performance Goals or other performance criteria, if any, applicable to the determination of the ultimate payment value of the Cash Performance Award. The Committee may provide for an alternate base value for each unit or an alternate percentage or multiple under certain specified conditions.

(a) *Payment.* Payment in respect of Cash Performance Awards will be made by the Company in cash.

(b) *Conditions to Payment.* Each Cash Performance Award granted under the Plan will be payable at such time or times, or upon the occurrence of such event or events, and in such amounts, as specified by the Committee.

3.6 *Treatment of Awards on Termination of Service.* Except as otherwise provided by Plan Section 3.2(e), any Award under this Plan to a Participant who has experienced a Termination of Employment, Separation from Service, or termination of some other service relationship with the Company and its Affiliates may be cancelled, accelerated, paid or continued, as provided in the applicable Award Agreement, or, as the Committee may otherwise determine to the extent not prohibited by the Plan. The portion of any Award exercisable in the event of continuation or the amount of any payment due under a continued Award may be adjusted by the Committee to reflect the Participant's period of service from the date of grant through the date of the Participant's Termination of Employment, Separation from Service or termination of some other service relationship or such other factors as the Committee determines are relevant to its decision to continue the Award.

SECTION 4. RESTRICTIONS ON STOCK

4.1 *Escrow of Shares.* Any certificates representing the shares of Stock issued under the Plan will be issued in the Participant's name, but, if the applicable Award Agreement so provides, the shares of Stock will be held by a custodian designated by the Committee (the "*Custodian*"). Each applicable Award Agreement providing for transfer of shares of Stock to the Custodian may require a Participant to complete an irrevocable stock power appointing the Custodian or the Custodian's designee as the attorney-in-fact for the Participant for the term specified in the applicable Award Agreement, with full power and authority in the Participant's name, place and stead to transfer, assign and convey to the Company any shares of Stock held by the Custodian for such Participant, if the Participant forfeits the shares under the terms of the applicable Award Agreement. During the period that the Custodian holds the shares subject to this Section, the Participant is entitled to all rights, except as provided in the applicable Award Agreement, applicable to shares of Stock not so held. Any dividends declared on shares of Stock held by the Custodian must, as provided in the applicable Award Agreement, be paid directly to the Participant or, in the alternative, be retained by the Custodian or by the Company until the expiration of the term specified in the applicable Award Agreement and shall then be delivered, together with any proceeds, with the shares of Stock to the Participant or to the Company, as applicable.

4.2 *Restrictions on Transfer.* Except as expressly set forth in this Section 4.2 or the applicable Award Agreement, all Awards are non-transferable and shall not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance, or charge. Any such disposition of an Award or of the shares of Stock issued under the Plan by the Participant not made in accordance with the Plan or the applicable Award Agreement will be void. The Company will not recognize, or have the duty to

recognize, any disposition not made in accordance with the Plan and the applicable Award Agreement, and any shares so transferred will continue to be bound by the Plan and the applicable Award Agreement. Notwithstanding the general prohibition set forth above, the Committee may permit Awards to be transferred to other persons or entities pursuant to such conditions and procedures, including limitations on subsequent transfers, as the Committee establishes in writing (provided that any transfers of Incentive Stock Options may only be made to the extent permitted under the federal tax laws governing Incentive Stock Options). Any permitted transfer will be subject to compliance with applicable federal and state securities laws.

Further, the transfer restrictions of this *Section 4.2* will not apply to:

- (a) transfers to the Corporation;
- (b) the designation of a beneficiary to receive benefits in the event of the Participant's death or, if the Participant has died, transfers to or exercise by the Participant's beneficiary, or, in the absence of a validly designated beneficiary, transfers by will or the laws of descent and distribution of the State in which the Participant was domiciled at the time of the Participant's death;
- (c) subject to any applicable limitations on Incentive Stock Options, transfers to a family member (or former family member) pursuant to a domestic relations order if approved or ratified by the Committee; and
- (d) if the participant has suffered a Disability, permitted transfers or exercises on behalf of the Participant by his or her legal representative.

SECTION 5. ADJUSTMENTS; ACCELERATION

5.1 Adjustments.

- (a) The number of shares of Stock reserved for the grant of Options, Stock Appreciation Rights and Other Stock-Based Awards; the number of shares of Stock reserved for issuance upon the exercise, settlement, vesting, grant or payment, as applicable, of each outstanding Option, Stock Appreciation Right, and Other Stock-Based Award (if any); the Exercise Price of each outstanding Option, the threshold price of each outstanding Stock Appreciation Right, the specified number of shares of Stock to which each outstanding Option, Stock Appreciation Right, and Other Stock-Based Award pertains, the total number of shares of Stock that may be subject to Awards granted by one or more officers of the Company and/or the Chairperson of the Compensation Committee of the Board of Directors, and the maximum number of shares as to which Options, Stock Appreciation Rights, and other Awards may be granted during any calendar year or other period, will be proportionately adjusted for any nonreciprocal transaction between the Company and the holders of capital stock of the Company that causes the per share value of the shares of Stock underlying an Award to change (e.g., a stock dividend, stock split, spinoff, rights offering, or recapitalization through a large, nonrecurring cash dividend) (each, an "*Equity Restructuring*").
- (b) In the event of a merger, consolidation, reorganization, extraordinary dividend, sale of substantially all of the Company's assets, other change in capital structure of the Company, tender offer for shares of Stock, or a Change in Control of the Company that, in each case, does not constitute an Equity Restructuring, the Committee may make such adjustments with respect to Awards and take such other action as it deems necessary or appropriate, including, without limitation, the substitution of new Awards, the assumption of Awards not originally

granted under the Plan, the adjustment of outstanding Awards, the acceleration of outstanding Awards, the removal of restrictions on outstanding Awards, and/or the termination of outstanding Awards in exchange for the cash value determined in good faith by the Committee of the vested and/or unvested portion of the Award, all as may be provided in the applicable Award Agreement or, if not expressly addressed therein, as the Committee subsequently may determine in its sole discretion. Any adjustment pursuant to this *Section 5.1* may provide, in the Committee's discretion, for the elimination without payment therefor of any fractional shares that might otherwise become subject to any Award, but except as set forth in this Section may not otherwise diminish the then-current value of the Award.

- (c) Notwithstanding any other provision of the Plan to the contrary, in taking any action pursuant to clause (a) or (b) with respect to a Nonqualified Stock Option or a Stock Appreciation Right, the Committee shall consider any provisions of Code Section 409A and the regulations thereunder that are required to be followed as a condition of the Nonqualified Stock Option and the Stock Appreciation Right not being treated as the grant of a new Option or Stock Appreciation Right or a change in the form of payment. Any adjustment described in the preceding sentence may include a substitution in whole or in part of other equity securities of the issuer and the class involved in such Equity Restructuring in lieu of the shares of Stock that are subject to the Award.
- (d) The existence of the Plan and the Awards granted pursuant to the Plan shall not affect in any way the right or power of the Company to make or authorize any adjustment, reclassification, reorganization or other change in its capital or business structure, any merger or consolidation of the Company, any issue of debt or equity securities having preferences or priorities as to the Stock or the rights thereof, the dissolution or liquidation of the Company, any sale or transfer of all or any part of its business or assets, or any other corporate act or proceeding.

5.2 Automatic Acceleration of Awards. Except as otherwise provided in *Section 5.3*, upon a dissolution of the Company (or other event described in *Section 5.1* that the Company does not survive (or does not survive as a public company in respect of its Stock)), each then-outstanding Option and Stock Appreciation Right will become fully vested, each Other Stock-Based Award then outstanding will fully vest free of restrictions, and each other Award, including, without limitation, each Cash Performance Award, granted under this Plan that is then outstanding will become payable to the holder of such Award; provided that such acceleration provision will not apply, unless otherwise expressly provided by the Committee, with respect to any Award to the extent that the Board of Directors or the Committee has made a provision for the substitution, assumption, exchange or other continuation or settlement of the Award, or the Award would otherwise continue in accordance with its terms, in the circumstances.

5.3 Possible Acceleration of Awards. Upon the occurrence of a Change in Control, each outstanding Option and Stock Appreciation Right will become fully vested, each Other Stock-Based Award then outstanding will fully vest free of restrictions, and each other Award, including, without limitation, each Cash Performance Award, granted under this Plan that is then outstanding will vest and become payable to the holder of such Award. However, with respect to a Participant who is designated on the payroll records of the Company as a Tier 1 or Tier 2 executive or above (or comparable designation) or executive officer on the date of the Change in Control, no Award will vest solely on account of such Change in Control unless such Participant's employment with the Company (and its Subsidiaries) is terminated without "cause" (as defined in such Participant's Individual Agreement or the applicable Award Agreement) within the two-year period immediately following the consummation of such Change in Control.

5.4 Early Termination of Awards. Any Award that has been accelerated as required or contemplated by *Section 5.2* or *Section 5.3* (or would have been so accelerated but for *Section 5.5*, *Section 5.6*, or *Section 5.7*) will terminate upon the related event referred to in *Section 5.2* or *Section 5.3*,

as applicable, subject to any provision that has been expressly made by the Committee, through a plan of reorganization or otherwise, for the survival, substitution, assumption, exchange or other continuation or settlement of such Award; provided that, in the case of Options and Stock Appreciation Rights that will not survive, be substituted for, assumed, exchanged, or otherwise continued or settled in the transaction, the holder of such Award will be given reasonable advance notice of the impending termination and a reasonable opportunity to exercise his or her outstanding Options and Stock Appreciation Rights in accordance with their terms before the termination of such Awards (except that in no case will more than ten (10) days' notice of accelerated vesting and the impending termination be required and any acceleration may be made contingent upon the actual occurrence of the event).

5.5 Other Acceleration Rules. Any acceleration of Awards pursuant to this *SECTION 5* must comply with all applicable legal requirements and, if necessary, to accomplish the purposes of the acceleration or if the circumstances require, may be deemed by the Committee to occur a limited period of time (not greater than thirty (30) days) before the event. Without limiting the generality of the foregoing, the Committee may deem an acceleration to occur immediately prior to the applicable event and/or reinstate the original terms of an Award if an event giving rise to acceleration does not occur. Notwithstanding any other provision of the Plan to the contrary, the Committee may override the provisions of *Section 5.2*, *Section 5.3*, *Section 5.4* and/or *Section 5.6* by express provision in an Award Agreement (provided that that the Committee may not, under the authority provided in this *Section 5.5*, provide for the acceleration of vesting of an Award in the absence of a Change in Control or an event described in *Section 5.1*). In addition, the Committee may accord any Participant the right to refuse any acceleration, whether pursuant to the Award Agreement or otherwise, in such circumstances as the Committee may approve. The portion of any Incentive Stock Option accelerated pursuant to *Section 5.3* or any other action permitted hereunder shall remain exercisable as an Incentive Stock Option only to the extent the applicable \$100,000 limitation on Incentive Stock Options is not exceeded. To the extent exceeded, the accelerated portion of the Option will be treated as a Nonqualified Stock Option.

5.6 Possible Rescission of Acceleration. If the vesting of an Award has been accelerated expressly in anticipation of an event or upon stockholder approval of an event and the Committee later determines that the event will not occur, the Committee shall rescind the effect of the acceleration as to any then outstanding and unexercised or otherwise unvested Awards.

5.7 Golden Parachute Limitation. Notwithstanding anything else contained in this *SECTION 5* to the contrary, in no event may an Award be accelerated under this Plan to an extent or in a manner that would result in any compensation being paid that is not fully deductible by the Company or one of its Subsidiaries for federal income tax purposes because of Code Section 280G, nor may any payment made under the Plan be accelerated to the extent any portion of such accelerated payment would result in the payment of compensation that is not deductible by the Company or one of its Subsidiaries because of Code Section 280G. If a Participant would be entitled to benefits or payments under the Plan that, together with payments under any other plan or program, would constitute "parachute payments" as defined in Code Section 280G, then any such parachute payments will be reduced or modified on a pro rata basis so that the Company and its Subsidiaries are not denied federal income tax deductions for such payments because of Code Section 280G. Notwithstanding the foregoing, if a Participant is a party to an Individual Agreement with the Company or one of its Subsidiaries, or is a participant in a severance program sponsored by the Company or one of its Subsidiaries, that contains express provisions regarding Code Section 280G and/or Code Section 4999 (or any similar successor provision), the Code Section 280G and/or Code Section 4999 provisions of such Individual Agreement will control as to any Awards held by that Participant.

SECTION 6. GENERAL PROVISIONS

6.1 Withholding. The Company shall deduct from all cash distributions under the Plan any taxes required to be withheld by federal, state, or local government. Whenever the Company proposes or is

required to issue or transfer shares of Stock under the Plan or upon the vesting of any Award, the Company may require the recipient to remit to the Company an amount sufficient to satisfy any federal, state and local tax withholding requirements prior to the issuance or transfer of any such shares or the vesting of such Award. A Participant may satisfy the withholding obligation in cash, cash equivalents, or if and to the extent the applicable Award Agreement or Committee procedure so provides, a Participant may elect to have the number of shares of Stock he or she is to receive reduced by, or tender back to the Company, the number of whole shares of Stock that, when multiplied by the Fair Market Value of the shares of Stock, is sufficient to satisfy federal, state and local, if any, withholding obligation arising from exercise or payment of an Award. The Company may, with the Committee's approval, accept one or more promissory notes from a Participant in connection with taxes required to be withheld upon the vesting or payment of any Award under the Plan; provided that any such note will be subject to terms and conditions established by the Committee and applicable legal requirements.

6.2 *Awards to Non-U.S. Employees.* The Committee has the power and authority to determine which Affiliates will be covered by this Plan and which employees outside the United States of America will be eligible to participate in the Plan. The Committee may adopt, amend, or rescind rules, procedures, or sub-plans relating to the operation and administration of the Plan to accommodate the specific requirements of local laws, procedures, and practices. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules, procedures, and sub-plans with provisions that limit or modify rights on death, disability or retirement, or on Separation from Service or Termination of Employment; available methods of exercise or settlement of an Award; payment of income, social insurance contributions and payroll taxes; the withholding procedures and handling of any stock certificates or other indicia of ownership which vary with local requirements. The Committee may also adopt rules, procedures, or sub-plans applicable to particular Affiliates or locations.

6.3 *Compliance with Code.*

(a) *Code Section 422.* All Incentive Stock Options to be granted under the Plan are intended to comply with Code Section 422, and all provisions of the Plan and all Incentive Stock Options granted under the Plan must be construed in such a manner as to effectuate that intent.

(b) *Code Section 409A.* Except to the extent provided otherwise by the Committee, Awards under the Plan are intended to satisfy the requirements of Code Section 409A (and the Treasury Department guidance and regulations issued thereunder) so as to avoid the imposition of any additional taxes or penalties under Code Section 409A. If the Committee determines that an Award, Award Agreement, payment, distribution, deferral election, transaction or any other action or arrangement contemplated by the provisions of the Plan would, if undertaken, cause a Participant to become subject to any additional taxes or other penalties under Code Section 409A, then unless the Committee provides otherwise, such Award, Award Agreement, payment, distribution, deferral election, transaction or other action or arrangement will not be given effect to the extent it causes such result and the related provisions of the Plan and/or Award Agreement will be deemed modified, or, if necessary, suspended in order to comply with the requirements of Code Section 409A to the extent determined appropriate by the Committee, in each case without the consent of or notice to the Participant. Notwithstanding anything in the Plan, an Award Agreement, or any other agreement (written or oral) to the contrary, if a Participant is a "specified employee" (within the meaning of Code Section 409A) on the date of his or her Separation from Service, any payments made with respect to such Separation from Service under any Award will be delayed to the extent necessary to comply with Code Section 409A(a)(2)(B)(i), and such payments or benefits will be paid or distributed to the Participant during the five-day period commencing on the earlier of: (i) the expiration of the six-month period measured from the date of the Participant's Separation from Service, and (ii) the date of the Participant's death. Upon the expiration of the applicable six-month period under Code Section 409A(a)(2)(B)(i), all payments so

deferred will be paid to the Participant (or the Participant's estate, in the event of the Participant's death) in a lump sum payment. Any remaining payments and benefits due under an Award will be paid as otherwise provided in an Award.

6.4 *Right to Terminate Employment or Service.* Nothing contained in this Plan or any Award Agreement confers upon any Participant any right to continue in the employment or other service of the Company or any of its Subsidiaries, constitutes a contract or agreement of employment or other service, or affects in any way an employee's status as an employee at will, nor may the Plan or any Award Agreement be construed so as to interfere in any way with the right of the Company and its Subsidiaries to change a person's compensation or other benefits, or to terminate his or her employment or other service, with or without cause; provided that nothing in this *Section 6.4* is intended to adversely affect any express independent right of such person under any Individual Agreement.

6.5 *Non-Alienation of Benefits.* Other than as provided in the Plan, no benefit under the Plan may be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge; and any attempt to do so is void. No such benefit may, prior to receipt by the Participant, be in any manner liable for or subject to the debts, contracts, liabilities, engagements, or torts of the Participant.

6.6 *Restrictions on Delivery and Sale of Shares; Legends.* Each Award is subject to the condition that if at any time the Committee, in its discretion, determines that the listing, registration or qualification of the shares covered by such Award upon any securities exchange or under any state or federal law is necessary or desirable as a condition of or in connection with the granting of such Award or the purchase or delivery of shares thereunder, the delivery of any or all shares pursuant to such Award may be withheld unless and until such listing, registration or qualification shall have been effected. If a registration statement is not in effect under the Securities Act or any applicable state securities laws with respect to the shares of Stock purchasable or otherwise deliverable under Awards then outstanding, the Committee may require, as a condition of exercise of any Option or as a condition to any other delivery of Stock pursuant to an Award, that the Participant or other recipient of an Award represent, in writing, that the shares received pursuant to the Award are being acquired for investment and not with a view to distribution and agree that the shares will not be disposed of except pursuant to an effective registration statement, unless the Company has received an opinion of counsel that such disposition is exempt from such requirement under the Securities Act and any applicable state securities laws. The Company may include on certificates representing shares delivered pursuant to an Award such legends referring to the foregoing representations or restrictions or any other applicable restrictions on resale as the Company, in its discretion, deems appropriate.

6.7 *Listing and Legal Compliance.* The Committee may suspend the exercise or payment of any Award if it determines that securities exchange listing or registration or qualification under any securities laws or compliance with any other law is required in connection therewith and has not been completed on terms acceptable to the Committee.

6.8 *Termination and Amendment of the Plan.* The Board of Directors at any time may amend or terminate the Plan without stockholder approval; provided, however, that the Board of Directors shall obtain stockholder approval for any amendment to the Plan that, except as provided under *Section 5.1* of the Plan, increases the number of shares of Stock available under the Plan, materially expands the classes of individuals eligible to receive Awards, materially expands the type of Awards available for issuance under the Plan, or would otherwise require stockholder approval under the rules of the applicable exchange. Unless the Award Agreement explicitly provides otherwise, no such termination or amendment may materially and adversely affect the rights of the Participant under such Award without the consent of the holder of an Award.

6.9 *Stockholder Approval.* The Company shall submit the Plan to the stockholders of the Company for their approval within twelve (12) months before or after the adoption of the Plan by the Board of Directors. If such approval is not obtained, any Award granted under the Plan will be void.

6.10 *Choice of Law.* The laws of the State of Delaware will govern the Plan, to the extent not preempted by federal law, without reference to the principles of conflict of laws

6.11 *Effective Date of Plan; Term of Plan.* The Plan will become effective as of the date the Plan is approved by the stockholders (the "*Effective Date*") pursuant to *Section 6.9*, regardless of the date the Plan is signed. No Award may be granted more than ten (10) years after the date the Plan was approved by the Company's stockholders.