

RED ROBIN GOURMET BURGERS INC  
Form DEF 14A  
April 23, 2008

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**RED ROBIN GOURMET BURGERS, INC.**

---

(Name of Registrant as Specified In Its Charter)

---

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

---

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:  

---
  - (2) Aggregate number of securities to which transaction applies:  

---
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):  

---

Edgar Filing: RED ROBIN GOURMET BURGERS INC - Form DEF 14A

(4) Proposed maximum aggregate value of transaction:

---

(5) Total fee paid:

---

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

---

(2) Form, Schedule or Registration Statement No.:

---

(3) Filing Party:

---

(4) Date Filed:

---

---

**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 29, 2008**

---

To our Stockholders:

The annual meeting of stockholders of Red Robin Gourmet Burgers, Inc. will be held at 9:00 a.m. MDT, on Thursday, May 29, 2008, at our corporate headquarters, located at 6312 South Fiddler's Green Circle, Suite 200N, Greenwood Village, Colorado 80111, for the following purposes:

- 1) To elect two (2) Class III directors for three-year terms;
- 2) To adopt the Company's Amended and Restated 2007 Performance Incentive Plan;
- 3) To ratify the appointment of Deloitte & Touche LLP as the Company's independent accountants for the fiscal year ending December 28, 2008; and
- 4) To transact such other business as may properly come before the meeting.

Stockholders of record at the close of business on April 11, 2008 are entitled to notice of, and to vote at, the annual meeting or any postponement or adjournment thereof.

Your attention is directed to the accompanying proxy statement, which includes information about the matters to be considered at the annual meeting and certain other important information. We encourage you to carefully review the entire proxy statement.

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 29, 2008:**

**The proxy statement and proxy card are available at <http://www.redrobin.com/eproxy.htm>.**

We cordially invite you to attend the annual meeting. Whether or not you plan to attend, please sign and return the enclosed proxy card as promptly as possible in the envelope enclosed for your convenience. Should you receive more than one proxy card because your shares are registered in different names and addresses, each proxy card should be signed and returned to assure that all your shares will be voted. Mailing your completed proxy card will not prevent you from voting in person at the meeting if you wish to do so.

Accompanying this notice and proxy statement is a copy of our 2007 Annual Report on Form 10-K.

By Order of the Board of Directors,

Dennis B. Mullen  
*Chairman and Chief Executive Officer*

Greenwood Village, Colorado  
April 23, 2008

---

TABLE OF CONTENTS

	<u>Page</u>
<u>ABOUT THE MEETING</u>	1
<u>STOCK OWNERSHIP OF CERTAIN PERSONS</u>	5
<u>Stock Ownership of Certain Beneficial Owners</u>	5
<u>Stock Ownership of Directors and Management</u>	6
<u>Equity Compensation Plan Information</u>	8
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	8
<u>General</u>	8
<u>Directors and Nominees</u>	9
<u>Required Vote</u>	10
<u>Recommendation of the Board of Directors</u>	10
<u>CORPORATE GOVERNANCE</u>	11
<u>Board Membership and Director Independence</u>	11
<u>Stockholder Communications with the Board of Directors</u>	11
<u>Committees of the Board of Directors</u>	11
<u>Certain Relationships and Related Transactions</u>	13
<u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	13
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	13
<u>General Executive Compensation Philosophy</u>	14
<u>Outside Advisor</u>	14
<u>Executive Compensation Components</u>	15
<u>Employment and Other Agreements</u>	20
<u>Summary Compensation Table</u>	22
<u>Grants of Plan-Based Awards</u>	24
<u>Outstanding Equity Awards at 2007 Fiscal Year-End</u>	25
<u>Options Exercised and Stock Vested</u>	26

	<b>Page</b>
<u>Nonqualified Deferred Compensation</u>	26
<u>Potential Payments upon Termination or Change in Control</u>	28
<u>Change in Control Arrangements</u>	30
<u>Director Compensation</u>	33
<u>COMPENSATION COMMITTEE REPORT</u>	35
<u>PROPOSAL 2 APPROVAL OF THE AMENDED AND RESTATED 2007 PERFORMANCE INCENTIVE PLAN</u>	35

<u>Introduction</u>	35
<u>Summary Description of the Amended and Restated 2007 Performance Incentive Plan</u>	38
<u>Federal Income Tax Consequences of Awards under the Amended 2007 Plan</u>	42
<u>New Plan Benefits Under the Amended 2007 Plan</u>	43
<u>Required Vote</u>	43
<u>Recommendation of the Board of Directors</u>	43
<u>PROPOSAL 3 RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS</u>	43
<u>Principal Accountant Fees and Services</u>	44
<u>Audit Committee's Pre-Approval Policies and Procedures</u>	44
<u>Required Vote</u>	45
<u>Recommendation of the Board of Directors</u>	45
<u>AUDIT COMMITTEE REPORT</u>	45
<u>ADDITIONAL INFORMATION</u>	46
<u>ANNUAL REPORT ON FORM 10-K</u>	47
<u>ANNEX A AMENDED AND RESTATED 2007 PERFORMANCE INCENTIVE PLAN</u>	

**RED ROBIN GOURMET BURGERS, INC.**  
**6312 South Fiddler's Green Circle, Suite 200N**  
**Greenwood Village, CO 80111**  
**(303) 846-6000**

---

**PROXY STATEMENT**  
**ANNUAL MEETING OF STOCKHOLDERS**  
**May 29, 2008**

---

The board of directors of Red Robin Gourmet Burgers, Inc. (the "Company") is soliciting the enclosed proxy for use at our annual meeting of stockholders to be held on Thursday, May 29, 2008, beginning at 9:00 a.m. MDT, at our corporate headquarters, located at 6312 South Fiddler's Green Circle, Suite 200N, Greenwood Village, Colorado 80111, and at any time and date to which the annual meeting may be properly adjourned or postponed. This Proxy Statement and the accompanying Notice of Annual Meeting of Stockholders describe the purpose of the annual meeting. Distribution of these proxy solicitation materials is scheduled to begin on or about April 23, 2008. The proxy statement and proxy card are also available at <http://www.redrobin.com/eproxy.htm>.

**ABOUT THE MEETING**

***What is the purpose of the annual meeting?***

At our annual meeting, stockholders will vote on the following three items of business:

1. Election of two (2) Class III directors for three-year terms;
2. Adoption of the Company's Amended and Restated 2007 Performance Incentive Plan;
3. Ratification of the appointment of Deloitte & Touche LLP as our independent auditors for the fiscal year ending December 28, 2008.

You will also vote on such other matters as may properly come before the meeting or any postponement or adjournment thereof.

***What are the Board's recommendations?***

Our board of directors recommends that you vote:

***FOR*** election of each of the two (2) nominated directors (see Proposal 1);

***FOR*** adoption of the Company's Amended and Restated 2007 Performance Incentive Plan (see Proposal 2); and

***FOR*** ratification of the appointment of Deloitte & Touche LLP as our independent auditors for the fiscal year ending December 28, 2008 (see Proposal 3).

With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by the board of directors or, if no recommendation is given, in their own discretion.

***What shares are entitled to vote?***

As of April 11, 2008, the record date for the meeting, we had 16,837,886 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 the shares that you owned on the record date.



These shares 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.

***What is the difference between holding shares as a stockholder of record and as a beneficial owner?***

Most stockholders hold their shares through a broker or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

**Stockholder of Record.** If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, you are considered, with respect to those shares, the stockholder of record, and we are sending these proxy materials directly to you. As the stockholder of record, you have the right to grant your voting proxy directly to the named proxy holder or to vote in person at the meeting. We have enclosed a proxy card for you to use.

**Beneficial Owner.** If your shares are held in a brokerage account or by another nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you together with a voting instruction card. As the beneficial owner, you have the right to direct your broker, trustee or nominee how to vote and are also invited to attend the annual meeting.

Since a beneficial owner is not the stockholder of record, you may not vote these shares in person at the meeting unless you obtain a "legal proxy" from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting. Your broker, trustee or nominee has enclosed or provided voting instructions for you to use in directing the broker, trustee or nominee how to vote your shares.

***Who may attend 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 broker or nominee (i.e., in street name), you should provide proof of beneficial ownership on the record date, such as your most recent account statement prior to April 11, 2008, a copy of the voting instruction card provided by your broker, trustee or nominee, or other similar evidence of ownership. Registration and seating will begin at 8:30 a.m. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

***How may I vote my shares in person at the annual meeting?***

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 a legal proxy from the broker, trustee or nominee that holds your shares giving you the right to vote the shares. Even if you plan to attend the annual meeting, we recommend that you also submit your proxy or voting instructions prior to the meeting as described below so that your vote will be counted if you later decide not to attend the meeting.

***How may I vote my shares without attending the annual meeting?***

Whether you hold shares directly as the stockholder of record or beneficially in street name, you may direct how your shares are voted without attending the meeting. If you are a stockholder of record, you may vote by submitting a proxy. If you hold shares beneficially in street name, you may vote by submitting voting instructions to your broker, trustee or nominee. For directions on how to vote, please refer to the instructions included on your proxy card or, for shares held beneficially in street name, the voting instruction card provided by your broker, trustee or nominee.

*May I change my vote or revoke my proxy after I return my proxy card?*

Yes. Even after you have submitted your proxy, you may change the votes you cast 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; or (2) executing and delivering a later dated proxy. 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.

*What constitutes a 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. If a broker indicates on a proxy that it lacks discretionary authority as to certain shares to vote on a particular matter, commonly referred to as "broker non-votes," those shares will still be counted for purposes of determining the presence of a quorum at the meeting.

*What vote is required to approve each item?*

**Election of Directors.** In the election of directors, the two candidates will be elected by a plurality of affirmative votes.

**Adoption of Amended and Restated 2007 Performance Incentive Plan.** The affirmative vote of the majority of the outstanding shares of common stock present in person or by proxy will be required for approval.

**Ratification of Deloitte & Touche LLP.** The affirmative vote of the majority of the outstanding shares of common stock present in person or by proxy will be required for approval.

A vote withheld for a nominee in the election of directors will have the same effect as a vote against the nominee. For purposes of determining whether any of the other proposals has received the requisite vote, where a stockholder abstains from voting, it will have the same effect as a vote against the proposal.

If you hold your shares beneficially in street name and do not provide your broker or nominee with voting instructions, your shares may constitute "broker non-votes." Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owners and instructions are not given. Absent authority or specific instruction from the beneficial holder, shares held by brokerage firms and nominees will not be voted on proposal 2. In tabulating the voting result for any of the proposals expected to be presented at the meeting, shares that constitute broker non-votes will not be included in the vote totals, and therefore, will have no effect on the outcome of the vote of any of the proposals.

*What does it mean if I receive more than one proxy card?*

If you receive more than one proxy card, it means that you hold shares registered in more than one name or brokerage account. You should sign and return all proxies for each proxy card that you receive in order to ensure that all of your shares are voted.

***How may I vote on each of the proposals?***

In the election of directors, you may vote **FOR** any or all of the two nominees, or your vote may be **WITHHELD** with respect to any or all of the nominees. For the other matters, you may vote **FOR** or **AGAINST** each proposal, or you may indicate that you wish to **ABSTAIN** from voting on a proposal.

***Who will count the proxy votes?***

Votes will be counted by our transfer agent, American Stock Transfer & Trust Company, which has been appointed to act as the inspector of election for the annual meeting.

***How will voting on any other business be conducted?***

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, Dennis B. Mullen or Katherine L. Scherping 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 Class III director, the person named as the proxy holder will vote your proxy for another candidate nominated by our board of directors.

***What rights of appraisal or similar rights of dissenters do I have with respect to any matter to be acted upon at the meeting?***

No action is proposed herein for which the laws of the state of Delaware or our bylaws provide a right of our stockholders to dissent and obtain appraisal of or payment for such stockholders' common stock.

***How do I submit a stockholder proposal for consideration at next year's annual meeting?***

**Proposals for Inclusion in 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 19, 2008. 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 Securities and Exchange Commission ("SEC") regulations regarding inclusion of stockholder proposals in company-sponsored proxy materials.

**Proposals to be Addressed at Meeting (but not included in proxy statement).** In order for you to raise a proposal (including director nominations) from the floor during next year's meeting, our corporate secretary must receive a written notice of the proposal no later than March 4, 2009 and no earlier than February 2, 2009, and it must contain the additional information required by our bylaws. All proposals received after March 4, 2009 will be considered untimely. You may obtain a complete copy of our 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.

### STOCK OWNERSHIP OF CERTAIN PERSONS

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 16,837,886 shares of common stock outstanding as of March 31, 2008.

The following table sets forth information regarding beneficial owners of more than 5% of our common stock as of March 31, 2008 except for those named executive officers and directors who hold more than 5% of our common stock who are included in the subsequent table. 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.

#### Stock Ownership of Certain Beneficial Owners

Name and Address of Beneficial Owner	Shares Beneficially Owned	
	Amount and Nature of Beneficial Ownership	Percent of Class
FMR LLC(1)	2,452,926	14.6%
T. Rowe Price Associates, Inc.(2)	1,704,050	10.1%
Wellington Management Company, LLP(3)	1,659,644	9.9%
Mutuelles AXA(4)	1,369,310	8.1%
Columbia Wanger Asset Management, L.P.(5)	1,163,800	6.9%
Michael J. Snyder(6)	1,101,635	6.5%
Massachusetts Financial Services Company(7)	1,087,940	6.5%

- (1) This disclosure is based on an amendment to Schedule 13G filed with the SEC on February 14, 2008. The Schedule 13G/A was filed on behalf of FMR LLC and Edward C. Johnson 3d, Chairman of FMR LLC, with an address of 82 Devonshire Street, Boston, Massachusetts 02109. The Schedule 13G/A discloses that they had sole power to vote or direct the vote of 168,467 shares, and the sole power to dispose or to direct the disposition of 2,452,926 shares. These shares are beneficially owned through Fidelity Management and Research Company, Pyramis Global Advisors, LLC and Pyramis Global Advisors Trust Company, wholly owned subsidiaries of FMR LLC, and Fidelity International Limited, a partnership controlled by the Johnson family.
- (2) This disclosure is based on an amendment to Schedule 13G filed with the SEC on March 10, 2008. The address of this reporting person is 100 E. Pratt Street, Baltimore, Maryland 21202. At the time of filing, the reporting person reported being a registered investment advisor that has sole voting power over 142,800 shares and sole dispositive power over 1,704,050 shares.
- (3) This disclosure is based on an amendment to Schedule 13G filed with the SEC on February 14, 2008. The address of the reporting person is 75 State Street, Boston Massachusetts 02109. At the time of filing, the reporting person reported being a registered investment advisor that has shared voting power over 1,206,196 shares and shared dispositive power over 1,621,644 shares.
- (4) This disclosure is based on a Schedule 13G filed with the SEC on February 14, 2008. The Schedule 13G was filed on behalf of AXA, an insurance company which owns AXA

## Edgar Filing: RED ROBIN GOURMET BURGERS INC - Form DEF 14A

Financial, Inc., a parent holding company and AXA Assurances I.A.R.D. Mutuelle, AXA Assurances Vie Mutuelle and AXA Courtage Assurance Mutuelle, a group of insurance companies referred to as "Mutuelles AXA" which, as a group, in turn control AXA. The address of the Mutuelles AXA reporting group is 26, rue Drouot, 75009 Paris, France, the address of AXA is 25, avenue Matignon, 75008 Paris, France and the address of AXA Financial, Inc. is 1290 Avenue of the Americas, New York, NY 10104. AXA Financial, Inc., in its capacity as parent holding company, owns AllianceBernstein L.P., a partnership that has voting power over 1,151,190 shares and dispositive power over 1,200,410 shares and AXA Equitable Life Insurance Company, an insurance company that has voting and dispositive power over 168,900 shares.

- (5) This disclosure is based on a Schedule 13G filed with the SEC on January 12, 2007. The address of this reporting person is 227 West Monroe Street, Suite 3000, Chicago, Illinois 60606.
- (6) This disclosure is based on an amendment to Schedule 13G filed with the SEC on February 12, 2007. The address of the reporting person is 1301 5<sup>th</sup> Avenue, Suite 3525, Seattle, Washington 98101.
- (7) This disclosure is based on an amendment to Schedule 13G filed with the SEC on February 1, 2008. The address of this reporting person is 500 Boylston Street, Boston, Massachusetts 02116.

### 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 31, 2008 by:

each of our directors, including the board's nominees for election or re-election;

each executive officer named in the Summary Compensation Table; and

all directors and current executive officers as a group.

Name of Beneficial Owner	Shares Beneficially Owned(1)	
	Amount and Nature of Beneficial Ownership	Percent of Class
Dennis B. Mullen(2)	254,150	1.5%
Katherine L. Scherping(3)	28,876	*
Todd A. Brighton(4)	88,134	*
Eric C. Houseman(5)	90,633	*
Michael E. Woods(6)	116,403	*
Edward T. Harvey, Jr.(7)	29,583	*
Richard J. Howell(8)	17,983	*
Patty L. Moore(9)	2,375	*
James T. Rothe(10)	21,083	*
J. Taylor Simonton(11)	16,583	*
Gary J. Singer(12)	26,601	*
Directors and Executive Officers as a group (13 persons)(13)	717,717	4.1%

\*

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



## Edgar Filing: RED ROBIN GOURMET BURGERS INC - Form DEF 14A

- (1) If a stockholder holds options or other securities that are exercisable or otherwise convertible into our common stock within 60 days of March 31, 2008, 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. However, we do not consider that common stock to be outstanding when we calculate the percentage ownership of any other stockholder.
- (2) Consists of 81,250 shares of restricted stock held directly by Mr. Mullen, 35,400 shares of common stock held directly by Mr. Mullen and 137,500 shares of common stock subject to options exercisable within 60 days of March 31, 2008. The restricted stock is subject to certain forfeiture restrictions that vest as follows: (a) with regard to 75,000 of the shares, such shares vest in three equal installments of 25,000 shares each on December 31st of each of 2008, 2009 and 2010, and (b) with regard to 6,250 of the shares, such shares vest in four equal installments on February 26<sup>th</sup> of each of 2009, 2010, 2011 and 2012.
- (3) Consists of 2,500 shares of restricted stock and 1,000 shares of common stock held directly by Ms. Scherping, 1,000 shares of common stock held by Ms. Scherping's husband of which she disclaims beneficial ownership, and 24,376 shares of common stock subject to options exercisable within 60 days of March 31, 2008. The restricted stock is subject to certain forfeiture restrictions that vest in four equal installments on February 26<sup>th</sup> of each of 2009, 2010, 2011 and 2012.
- (4) Consists of 2,500 shares of restricted stock held directly by Mr. Brighton and 85,634 shares of common stock subject to options exercisable within 60 days of March 31, 2008. The restricted stock is subject to certain forfeiture restrictions that vest in four equal installments on February 26<sup>th</sup> of each of 2009, 2010, 2011 and 2012.
- (5) Consists of 5,000 shares of restricted stock held directly by Mr. Houseman, 4,448 shares of common stock held directly by Mr. Houseman and 81,185 shares of common stock subject to options exercisable within 60 days of March 31, 2008. The restricted stock is subject to certain forfeiture restrictions that vest in four equal installments on February 26<sup>th</sup> of each of 2009, 2010, 2011 and 2012.
- (6) Consists of 57,444 shares of common stock held by Mr. Woods in joint tenancy with his wife and 58,959 shares of common stock subject to options exercisable within 60 days of March 31, 2008.
- (7) Consists of 15,000 shares of common stock held by Mr. Harvey in joint tenancy with his wife and 14,583 shares of common stock subject to options exercisable within 60 days of March 31, 2008.
- (8) Consists of 3,000 shares of common stock held directly by Mr. Howell, 400 shares of common stock held in trusts for the benefit of Mr. Howell's children and 14,583 shares of common stock subject to options exercisable within 60 days of March 31, 2008.
- (9) Consists of 500 shares of common stock held by an entity owned and managed by Ms. Moore and her husband and 1,875 shares of common stock subject to options exercisable within 60 days of March 31, 2008.
- (10) Consists of 1,500 shares of common stock held directly by Mr. Rothe and 19,583 shares of common stock subject to options exercisable within 60 days of March 31, 2008.
- (11) Consists of 2,000 shares of common stock held directly by Mr. Simonton and 14,583 shares of common stock subject to options exercisable within 60 days of March 31, 2008.

- (12) Consists of 7,018 shares of common stock held indirectly by Mr. Singer as trustee of the Singer Family Trust and 19,583 shares of common stock subject to options exercisable within 60 days of March 31, 2008.
- (13) Includes 492,757 shares of common stock subject to options exercisable within 60 days of March 31, 2008.

**Equity Compensation Plan Information**

We maintain six equity-based compensation plans the 1996 Stock Plan, the 2000 Stock Plan, the 2002 Stock Plan, the 2004 Performance Incentive Plan, the 2007 Performance Incentive Plan and the Employee Stock Purchase Plan. Our stockholders have approved each of these plans.

The following table sets forth for 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 30, 2007:

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	1,757,598(1)\$	38.55	1,136,869(2)
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	1,757,598		1,136,869

- (1) This amount consists of the number of options then outstanding under each of the following Plans:

3,448	1996 Stock Plan
54,168	2000 Stock Plan
233,532	2002 Stock Plan
1,377,300	2004 Performance Incentive Plan
89,150	2007 Performance Incentive Plan

- (2) Of the aggregate number of shares that remained available for future issuance, 230,919 shares were available for issuance under the Employee Stock Purchase Plan and 905,950 shares were available for issuance under the 2007 Performance Incentive Plan. Any shares subject to options granted under the 1996 Stock Plan, the 2000 Stock Plan, the 2002 Stock Plan or the 2004 Performance Incentive Plan that are not exercised before they expire or are terminated will expire and not be available for additional award grants. No new awards may be granted under the 1996 Stock Plan, the 2000 Stock Plan, the 2002 Stock Plan or the 2004 Performance Incentive Plan.

**PROPOSAL 1  
ELECTION OF DIRECTORS**

**General**

As of the date of this proxy statement, our board of directors consists of eight directors but will be reduced to seven directors immediately prior to the annual meeting. Our amended and restated certificate of incorporation provides for three classes of directors with staggered three-year terms.

Class I currently consists of three directors whose terms expire at our 2009 annual meeting; Class II currently consists of two directors whose terms expire at our 2010 annual meeting; and Class III currently consists of three directors whose terms expire at this annual meeting.

Our board of directors has nominated Dennis B. Mullen and Pattye L. Moore to continue to serve as our Class III directors. If elected, Mr. Mullen and Ms. Moore will continue to serve in office until our annual meeting in 2011 and until their successors have been duly elected and qualified, or until the earlier of their death, resignation or retirement. Benjamin D. Graebel's term as a director expires immediately prior to the annual meeting. Mr. Graebel is not standing for reelection. Following the expiration of Mr. Graebel's term, the board of directors plans to reduce the size of the board to seven.

Mr. Mullen and Ms. Moore have each consented to be named as a nominee in this proxy statement, and we expect that Mr. Mullen and Ms. Moore will be able to serve if elected. Should Mr. Mullen and Ms. Moore become unable or unwilling to accept his or her nomination for election, 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.

### **Directors and Nominees**

Below, you can find the principal occupation and other information about each of the Class III directors and each of the other directors whose term of office will continue after the meeting.

#### ***Nominees for Term Ending Upon the 2011 Annual Meeting of Stockholders Class III Directors***

**Pattye L. Moore**, 50, joined the Company as a director in August 2007. She serves on the Company's compensation committee and nominating and governance committee. Ms. Moore previously served as a director of Sonic Corp., parent company of the Sonic drive-in restaurant chain, from January 2000 to January 2006, and served as its president from January 2002 to October 2004. She held other executive positions with Sonic from 1992 to 2002. She also serves on the boards of directors of ONEOK, Inc., a publicly-held diversified energy company and the fifth largest gas distribution company in the United States, and of QuikTrip Corporation, a privately-held gas and convenience store retailer. Ms. Moore is the co-author of *Confessions from the Corner Office*, a book on business leadership and sole owner of Pattye Moore & Associates, LLC, a marketing and strategic consulting services company.

**Dennis B. Mullen**, 64, was appointed chief executive officer and chairman of the Company in August 2005 and has served as a director of the Company since December 2002. Mr. Mullen currently serves as a trustee of the Janus Investment Fund (since 1971, chairman from 2004 through December 31, 2007), Janus Aspen Series (since 1993, chairman since 2004), Janus Adviser Series (since 2000, chairman since 2004) and Janus Capital Funds Plc (since 2004). In addition, Mr. Mullen serves on the nominating and governance and audit committees and as chairman of the investment oversight committee of the Janus Funds. Mr. Mullen has more than 30 years experience as a corporate executive in the restaurant industry, and has served as chief executive officer for several restaurant chains, including Cork & Cleaver Restaurants of Denver, Colorado; Pedro Verde's Mexican Restaurants, Inc., of Boulder, Colorado; Garcia's Restaurants, Inc., of Phoenix, Arizona; and BCNW, a franchise of Boston Chicken, Inc., in Seattle, Washington. Mr. Mullen started his professional career at PricewaterhouseCoopers and also served as the chief financial officer for Lange Ski Boots.

*Continuing Directors for Term Ending Upon the 2009 Annual Meeting of Stockholders Class I Directors*

**J. Taylor Simonton**, 63, joined the Company as a director in September 2005. Mr. Simonton was appointed chair of the Company's audit committee in October 2005. Mr. Simonton spent 35 years at PricewaterhouseCoopers LLP, including 23 years as an audit partner in the firm's Accounting and Business Advisory Services practice before retiring in 2001. Until February 2007, Mr. Simonton served on the Board of Directors of Fischer Imaging Corporation, a public company that designed, manufactured and marketed specialty medical imaging systems, and served as its audit committee chair.

**James T. Rothe**, 64, joined the Company as a director in October 2004. Mr. Rothe has served since January 2004 as Managing Director and co-founder of Roaring Fork Capital Management, LLC, which is the General Partner of Roaring Fork Capital SBIC, LP with offices in Colorado Springs and Denver, Colorado and Dallas, Texas. Mr. Rothe is a Trustee since January 1997 of the Janus Funds based in Denver, Colorado. Mr. Rothe is a Professor Emeritus of the College of Business at the University of Colorado at Colorado Springs where he served as Professor 1986-2004 and Dean of the College 1986-1994. Mr. Rothe was appointed chair of the Company's compensation committee in January 2005.

**Richard J. Howell**, 65, joined the Company as a director in September 2005 and serves on the Company's audit committee and nominating and governance committee. Mr. Howell was an audit partner with Arthur Andersen LLP for over 25 years before retiring in 2002. Since January 2004, Mr. Howell has been an adjunct professor of auditing at the Cox School of Business at Southern Methodist University, and he served in a similar capacity from August 2002 to December 2003 at the Neely School of Business, at Texas Christian University. Mr. Howell is a trustee of the LKCM Funds, a group of mutual funds managed by Luther King Capital Management.

*Continuing Directors for Term Ending Upon the 2010 Annual Meeting of Stockholders Class II Directors*

**Edward T. Harvey, Jr.**, 60, joined the Company as a director in May 2000 and was appointed Lead Director in August 2005. Mr. Harvey serves on the Company's audit committee and served on the Company's compensation committee until October 2007. From April 1990 to December 2003, he was a partner with Quad-C, a private equity investment firm located in Charlottesville, Virginia. From 1975 to April 1990, Mr. Harvey held various positions at W. R. Grace & Co., principally in corporate development, acquisitions and planning.

**Gary J. Singer**, 55, joined the Company as a director in June 1993. Since June 1977, Mr. Singer has been associated with the law firm of O'Melveny & Myers LLP, Newport Beach, California and has been a partner in the firm since 1985. Mr. Singer was appointed chair of the Company's nominating and governance committee in October 2005 and also serves on the Company's compensation committee.

**Required Vote**

The two persons receiving the highest number of "**FOR**" votes from stockholders in the election of directors at the annual meeting will be elected.

**Recommendation of the Board of Directors**

**Our board of directors recommends that you vote FOR the re-election of Mr. Mullen and FOR the election of Ms. Moore as Class III directors on our board of directors.**

## CORPORATE GOVERNANCE

### Board Membership and Director Independence

Our board of directors has determined that each of Edward T. Harvey, Jr., Richard J. Howell, Pattye L. Moore, James T. Rothe, J. Taylor Simonton and Gary J. Singer qualifies as an independent director under rules promulgated by the SEC and The NASDAQ® Stock Market listing standards. Edward T. Harvey, Jr. serves as our Lead Director. There are no family relationships among any of our executive officers, directors or nominees for directors.

During fiscal year 2007, the board of directors held 7 meetings. Each of our current directors attended at least 75% of the aggregate total of meetings of the board of directors and committees on which he or she served. The independent directors of the Company meet 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. All of our directors attended our 2007 annual meeting.

### Stockholder Communications with the Board of Directors

You may communicate with any director, the entire board of directors, the independent directors or any committee by sending a letter to the director, the board of directors, or the 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: [Board@redrobin.com](mailto:Board@redrobin.com). The Company's chief legal officer will review all communications, categorize them, and forward them to the appropriate board member. Messages pertaining to administrative matters, ordinary business matters, personal grievances, and similar issues will be forwarded to the appropriate member of management.

With respect to issues arising under the Company's Code of Ethics, you may also communicate directly with the chair of the audit committee or the compliance officer in the manner provided in 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 Company's website at: [www.redrobin.com](http://www.redrobin.com).

### Committees of the Board of Directors

Our board of directors has established an audit committee, a compensation committee and a nominating and governance committee. The full text of all of the charters of the board committees is available on the Company's website at [www.redrobin.com](http://www.redrobin.com).

**Audit Committee.** The audit committee is currently comprised of J. Taylor Simonton (chair), Edward T. Harvey, Jr., and Richard J. Howell, and operates pursuant to a written charter. The audit committee oversees and reviews the preparation and disclosure of the Company's consolidated financial statements and the preparation and filing of periodic financial reports, which include the requisite certifications by the chief executive officer and chief financial officer. The audit committee is also responsible for selecting and retaining the independent auditors; approving the budget for fees to be paid to the independent auditors for audit services and for appropriate non-audit services; overseeing the relationship between the Company and the independent auditors and acting as the board of directors' primary avenue of communication with them; and selecting, retaining and overseeing the internal audit function of the Company. The audit committee's responsibilities also include other matters as set forth in its charter.

As of the date of this proxy statement, Mr. Simonton, Mr. Harvey and Mr. Howell are "independent" in conformance with The NASDAQ® Stock Market listing standards.

## Edgar Filing: RED ROBIN GOURMET BURGERS INC - Form DEF 14A

The board also has determined that each of Mr. Simonton, Mr. Harvey and Mr. Howell is an "audit committee financial expert" as defined by rules adopted by the SEC. A discussion of the role of the audit committee is provided under "Audit Committee Report."

The audit committee met 11 times in fiscal year 2007.

**Compensation Committee.** The compensation committee is currently comprised of James T. Rothe (chair), Pattye L. Moore and Gary J. Singer, and operates pursuant to a written charter. Edward Harvey served as a member of the compensation committee until October 2007 following Ms. Moore's appointment. The board has determined that each of the members of the compensation committee qualifies as an independent director as defined under The NASDAQ® Stock Market listing standards. Functions performed by the compensation committee include: developing and recommending to the board of directors an annual performance evaluation of our chief executive officer and other executive officers; approving salary and short-term and long-term incentive compensation programs for all senior executives; and reviewing and adopting employee benefit plans.

The specific nature of the compensation committee's responsibilities as they relate to executive officers is set forth under "Compensation Discussion and Analysis."

The compensation committee met 16 times in fiscal year 2007.

**Nominating and Governance Committee.** The nominating and governance committee is currently comprised of Gary J. Singer (chair), Benjamin D. Graebel, Pattye L. Moore and Richard J. Howell, and operates pursuant to a written charter. The board has determined that each of the members of the nominating and governance committee qualifies as an independent director as defined under The NASDAQ® Stock Market listing standards. The nominating and governance committee identifies, evaluates and recommends to the board of directors candidates for appointment or election to the board, as appropriate. The committee meets annually during the fourth quarter to determine whether to recommend to the board to include the nomination of incumbent directors with expiring terms in the proxy statement. The committee meets at other times as needed to consider candidates to fill any vacancies that may occur. At least once a year, the committee considers whether the number of directors is appropriate for the Company's needs and recommends to the board any changes in the number of directors, and reviews the performance of the board.

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, 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) the name and address of the stockholder recommending the candidate; (b) a representation that the stockholder recommending the candidate is a stockholder of record of the Company's stock or other verification that the person recommending the candidate is a beneficial owner of the Company's stock; (c) a description of any arrangement or understanding between the stockholder and the candidate and any other person or persons regarding the stockholder's submission of the candidate's name for consideration, and identifying such person or persons by name, address and affiliation with the stockholder, the candidate, and the Company, if any; (d) such other information regarding the candidate as the Company would be required to include in a proxy statement filed pursuant to the proxy rules of the SEC if the board were to nominate the candidate for election as a director or if the board were to appoint the candidate as a director; (e) the consent of the candidate to be identified to the board for consideration and to be identified in the proxy; and (f) the consent of the candidate to serve as a director if elected. The committee may refuse to consider any candidate for whom the stockholder fails to provide the information mentioned above.

In evaluating a director candidate, the nominating and governance committee will consider the candidate's independence, character, corporate governance skills and abilities, business 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. The committee will use the same criteria in evaluating candidates suggested by stockholders as for candidates suggested by other sources.

The nominating and governance committee recommends director candidates for nomination to the board. The board determines which candidates to nominate or appoint, as appropriate, after considering the recommendation of the committee.

The nominating and governance committee met 5 times in fiscal year 2007.

## **Certain Relationships and Related Transactions**

### ***Transactions with Related Persons***

Certain legal costs were advanced in fiscal year 2007 to certain directors and current and former executive officers under indemnification agreements in connection with the Company's previously announced SEC investigation and related lawsuits.

### ***Review, Approval or Ratification of Transactions with Related Persons***

The board of directors has recognized that transactions between the Company and certain related persons present a heightened risk of conflicts of interest. In order to ensure that the Company acts in the best interest of its stockholders, the Board has delegated the review and approval of related party transactions to the audit committee. 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 (i) 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 (ii) consider all of 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 its stockholders.

## **SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 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 2007, all of our officers, directors and greater than ten percent beneficial owners timely complied with all Section 16(a) filing requirements.

## **COMPENSATION DISCUSSION AND ANALYSIS**

The following Compensation Discussion and Analysis describes the material elements of compensation for the named executive officers identified in the Summary Compensation Table below. As more fully described below, the compensation committee of the board of directors determines and approves the total direct compensation programs for our executive officers, including the named executive officers. Our chief executive officer, Dennis B. Mullen, recommends to the compensation committee the base salary, annual bonus and long-term compensation levels for the other executive officers. The day-to-day design and administration of the Company's health and welfare benefit plans applicable to employees and executive officers on a non-discriminatory basis are implemented generally

by management. The compensation committee or the entire board of directors remains responsible for significant changes to, or adoption of, new employee benefit plans.

As described in more detail below, the principal elements of our executive compensation program include base salary, annual bonus, long-term incentives including stock option, restricted stock and other equity awards and the ability to receive compensation on a deferred basis. The compensation committee periodically reviews data about the compensation of executives in the restaurant industry. Based on this review, we believe that the elements of our executive compensation program are similar to those offered by our industry competitors.

### **General Executive Compensation Philosophy**

The primary objectives of our executive compensation program are to attract and retain the best possible executive talent, to link annual and long-term cash and stock incentives to achievement of measurable corporate, restaurant unit and individual performance objectives, and to align executives' incentives with stockholder value creation. To achieve these objectives, we utilize plans with a mix of short-term and long-term compensation that (a) are comparable to or competitive with the market, (b) encourage, recognize and reward individual performance, and (c) tie a portion of compensation to long-term Company performance goals. Our executive compensation philosophy includes criteria designed to support flexibility in setting elements of compensation for each individual based on objective factors, such as market levels, and subjective factors, including individual experience, performance and job responsibilities. The total annual cash compensation opportunities for executive officers, including base salary and annual cash bonuses, are intended to result in aggregate executive cash compensation, assuming achievement of target bonuses, between the median and 75<sup>th</sup> percentile for comparable public casual dining restaurants in the restaurant industry with upside opportunity based on excellent performance. An individual's total annual cash compensation is assessed using the above-described factors, and equity incentives are used to provide an upside tied to longer-term growth in stockholder value. Our executive compensation philosophy will continue to be reviewed annually by the compensation committee.

Base salaries are targeted at a level that will attract and retain qualified executives and motivate performance. Annual cash bonus awards are designed to focus an executive's performance on annual corporate and personal goals and to provide rewards for achievement of these goals. All corporate office employees, including executives, support staff, and regional managerial operational positions, are eligible for annual bonus awards. We have separate bonus compensation plans for restaurant level general managers.

While our annual bonus opportunity is intended to encourage and reward executives based on achievement of Company and personal performance goals, we believe performance-based compensation also drives creation of stockholder value in both the short and long term. In addition, equity incentive awards are designed and earned to reward Company and personal performance over a longer period.

### **Outside Advisor**

The compensation committee has retained Frederic W. Cook & Co. (Cook) for several years as an outside advisor. The Company uses Cook to annually review its executive compensation program and broad-based equity compensation practices and assist in ongoing development of our executive compensation philosophy. Cook assisted the board of directors and the compensation committee with developing a competitive peer group of publicly traded U.S.-based restaurant companies of generally similar revenue and market cap size to which to compare compensation programs, and performed analyses of competitive performance and compensation levels. Cook meets with the members of the compensation committee and senior management to learn about our business operations and strategy as a public company, key performance metrics and targets, and the markets in which we compete. Cook

then develops guidelines for executive compensation programs which are considered by the compensation committee in its deliberations.

Cook periodically updates the peer group, reviews the competitive market, and provides suggestions for refining the compensation program to reflect our ongoing business strategy. The peer group restaurants selected compete with us in the casual dining segment of the dining industry and operate with similar metrics, markets and challenges. The peer group restaurants ("Peer Restaurants") were modified in 2007 to eliminate two companies that were taken private (OSI Restaurants and Lone Star Steakhouse) and one restaurant that operates in a different segment of the casual dining market (Panera Bread). The 2007 Peer Restaurants include: Applebee's International, Inc., BJ's Restaurants,