RED ROBIN GOURMET BURGERS INC
Form DEF 14A
April 10, 2018

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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 ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

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RED ROBIN GOURMET BURGERS, INC.

(Name of the 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):

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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 30, 2018

To our Stockholders:

The annual meeting of stockholders of Red Robin Gourmet Burgers, Inc. will be held at 8:00 a.m. MDT, on Wednesday, May 30, 2018, 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 Cambria W. Dunaway, Kalen F. Holmes, Glenn B. Kaufman, Aylwin B. Lewis, Steven K. Lumpkin, Pattye L. Moore, Stuart I. Oran, and Denny Marie Post as directors of the Company for one-year terms;

2) To approve, on an advisory basis, the compensation of our named executive officers;

3) To ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 30, 2018; and

4) To transact such other business as may properly come before the meeting.

We direct your attention to the proxy statement, which includes information about the matters to be considered at the annual meeting and certain other important information and which we encourage you to review carefully. Our board of directors recommends that you vote ***FOR*** the board's nominees for director, ***FOR*** approval of our executive compensation, and ***FOR*** ratification of the independent auditor. Your vote is important.

Stockholders of record at the close of business on April 2, 2018 are entitled to notice of, and to vote at, the annual meeting or any postponement or adjournment thereof. This Notice of Annual Meeting of Stockholders and related proxy materials are being distributed or made available to stockholders beginning on or about April 13, 2018.

This year, we have again elected to provide access to our proxy materials on the Internet under the U.S. Securities and Exchange Commission's "notice and access" rules. Our proxy materials are available at the following website:

http://www.redrobin.com/eproxy

We cordially invite you to attend the annual meeting. 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 support.

By Order of the Board of Directors,

Pattye L. Moore
Chair of the Board of Directors

Greenwood Village, Colorado

April 10, 2018

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PROXY STATEMENT SUMMARY

This summary is intended to provide an overview of the items that you will find elsewhere in this proxy statement about our Company and the upcoming 2018 annual meeting of stockholders. As this is only a summary, we encourage you to read the entire proxy statement for more information about these topics before voting.

ANNUAL MEETING OF STOCKHOLDERS

Time and Date:	8:00 a.m. MDT on Wednesday, May 30, 2018
Location:	Red Robin Gourmet Burgers, Inc. corporate headquarters 6312 South Fiddler's Green Circle, Suite 200N Greenwood Village, Colorado 80111
Record Date:	April 2, 2018

PROPOSALS AND BOARD VOTING RECOMMENDATIONS

	Proposal	**Board's Voting Recommendation**	**Page References (for more detail)**
1	Election of Directors	FOR EACH NOMINEE	7
2	Advisory Vote to Approve Executive Compensation	FOR	62
3	Ratification of Independent Auditor	FOR	64

DIRECTOR NOMINEES (PROPOSAL NO. 1)

Our director nominees are listed in the following table. In 2018, seven of our eight current directors are standing for re-election along with one new director nominee, Mr. Aylwin B. Lewis. One of our current directors, Mr. Richard Howell, will retire and conclude his board service upon the conclusion of the annual meeting and is therefore not standing for re-election. Mr. Howell will continue his service as chair of the audit committee and a member of the compensation committee until his retirement.

The board recommends a vote FOR all director nominees. All directors and director nominees except our CEO, Ms. Post, are independent. Therefore 87.5% of our board is independent. Our directors bring a diverse set of backgrounds, experience, and skills to their board service. Directors are elected by a majority of votes cast. See "Proposal 1 Election of Directors Directors and Nominees" in this proxy statement for more information about our director nominees. In 2017, each director attended at least 75% of the aggregate number of board and applicable committee meetings.

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Director Nominee	Age	Director Since	Principal Occupation	Independent	Current Committee Assignments	Anticipated Committee Assignments after Annual Meeting
Cambria W. Dunaway	55	2014	Former U.S. President, Global Chief Marketing Officer, Kidzania	X	*NGC, CC	*NGC, CC
Kalen F. Holmes	51	2016	Former Executive Vice President (Human Resources), Starbucks	X	*CC, NGC	*CC, NGC
Glenn B. Kaufman	50	2010	Managing Member, D Cubed Group investment firm	X	CC	CC, NGC
Aylwin B. Lewis	63	N/A New Director Nominee	Former Chairman, CEO and President of Potbelly Corporation	X	N/A New Director Nominee	AC, CC
Steven K. Lumpkin	63	2016	Consultant, Former Executive Vice President, CFO and director, Applebee's	X	AC	*AC
Pattye L. Moore	60	2007	Former President and Director, Sonic Corp.	X	(C), AC, NGC	(C), AC
Stuart I. Oran	67	2010	Partner, Liberty Hall Capital Partners private equity firm	X	AC	AC, NGC
Denny Marie Post	60	2016	President and CEO, Red Robin			

AC	Audit Committee	(C)	Denotes Chair of the Board
CC	Compensation Committee	*	Denotes Chair of the Committee
NGC	Nominating and Governance Committee		

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Director Nominee Highlights:
Independence, Diversity of Background, Expertise, and Skills

Key Corporate Governance Highlights

The board of directors recognizes the connection between good corporate governance and the creation of sustainable stockholder value and is committed to practices that promote the long-term

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interests of the Company, accountability of management, and stockholder trust. To this end, we continually evolve our practices to ensure alignment with our stockholders.

Highlights include:

- Fully declassified board of directors
- Independent chair of the board of directors
- All director nominees are independent other than our CEO
- All current committee members are independent
- Board members have diverse backgrounds, expertise, and skills
- Robust board, committee, and director self-evaluation process completed annually instead of age or term limits
- The board of directors and each committee regularly meet in executive session without members of management
- Frequent engagement by management with institutional investors
- Majority voting standard for uncontested director elections
- 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
- Formal policy prohibiting hedging and pledging of Company securities by executive officers and directors
- Directors regularly engage in in-boardroom and outside director education
- No poison pill in place

ADVISORY VOTE ON EXECUTIVE COMPENSATION (PROPOSAL NO. 2)

We are requesting that stockholders approve, on an advisory basis, the compensation of our named executive officers as disclosed in this proxy statement. The board recommends a vote FOR Proposal No. 2 because it believes the Company's executive compensation program is 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. In 2017, our executive compensation advisory vote proposal was supported by approximately 98.5% of the votes cast. Highlights of our executive compensation program, pay for performance compensation structure, 2017 performance, and 2017 compensation are set forth below. Please see "Compensation Discussion and Analysis" in this proxy statement for a full discussion of the items below.

Executive Compensation Program

Listed below are highlights of our executive compensation program that reflect our focus on strong corporate governance and prudent compensation decision-making:

- Pay for performance focused executive compensation structure, with a significant portion of executive pay "at-risk"
- Independent compensation committee setting executive compensation advised by an independent compensation consultant

Annual evaluation of potential risks of our executive compensation program

No excise tax gross ups

Double trigger required for equity vesting upon change in control (other than certain performance awards)

No repricing of underwater options without stockholder approval

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- 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 executive incentive compensation in the event of a financial restatement
- Limited number of perquisites offered to our executives

Pay for Performance

Our compensation program is designed to pay our executives for performance. Our short-term annual cash incentive program uses performance targets based on annual EBITDA (earnings before interest, taxes, depreciation, and amortization) goals. Our long-term incentive compensation program is based on achievement of financial goals designed to demonstrate sustained improvement over multi-year periods, together with time vesting designed to reward executive retention and value creation. Restricted stock units and options granted under this program each vest ratably in annual increments over four years, with the amount realizable from such awards being dependent, in whole or in part, on increased stock price. Through 2017, the cash portion of our long-term incentive awards was measured over a three-year performance period based on both cumulative EBITDA and ROIC (return on invested capital) metrics. In 2017, we shifted the cash portion of our long-term incentive awards for our chief executive officer and chief financial officer to performance-based equity compensation, who received equity grants in the form of performance share units instead of cash for this portion of the program.

2017 Performance and Compensation Highlights

Our 2017 performance improved year-over-year and we achieved some of our expectations and performance goals. In our fiscal fourth quarter 2017, we outperformed the casual dining industry on Guest traffic for the sixth consecutive quarter and ended 2017 with positive same store sales, while making considerable progress on the critical changes we believe will make Red Robin successful in 2018 and beyond. Highlights of our 2017 performance are set forth below.

- Total revenues were $1.4 billion in 2017, an increase of 6.5% over 2016.
- Net income increased to $30.0 million in 2017 from $11.7 million in 2016.
- Comparable restaurant revenue increased 0.6% (using constant currency rates).
- Comparable restaurant guest counts increased 0.4%.
- GAAP earnings per diluted share increased to $2.31 in 2017 from $0.87 in 2016.
- We outperformed the casual dining industry in Guest traffic for the 2017 fiscal year by approximately 310 basis points, making it the sixth consecutive year of outperformance as reported by Black Box Intelligence, a financial benchmarking report for the restaurant industry.

Based on our 2017 performance, our named executive officers met the performance goals necessary to achieve a partial (but below target) payout of the annual corporate bonus. The long-term incentive program that covered the last three fiscal years did not pay out because the long-term EBITDA and ROIC threshold performance goals were not met. See "Compensation Discussion and Analysis Key Components of our Executive Compensation Program Incentive Based Compensation" for further information and discussion on the annual corporate incentive and long-term incentive program.

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2017 Compensation

The table below sets forth the 2017 compensation for our named executive officers:

Name and Principal Position	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)	Total ($)
Denny Marie Post President & Chief Executive Officer	744,237	-	1,434,957	769,990	653,777	18,901	3,621,862
Guy J. Constant EVP & Chief Financial Officer	500,000	-	599,941	399,989	254,247	13,397	1,767,574
Carin L. Stutz EVP & Chief Operating Officer	466,355	-	119,991	239,985	258,787	13,257	1,098,375
Jonathan A. Muhtar EVP & Chief Concept Officer	383,854	-	104,998	209,987	195,770	13,845	908,454
Michael L. Kaplan SVP & Chief Legal Officer	353,842	-	62,087	124,194	180,515	14,147	734,785

See "Compensation Discussion and Analysis 2017 Executive Compensation Tables" and accompanying footnotes and narratives for additional information about the 2017 compensation for each named executive officer.

INDEPENDENT AUDITORS (PROPOSAL NO. 3)

The board of directors recommends a vote FOR the ratification of the appointment of KPMG LLP ("KPMG") as the Company's independent auditor for the fiscal year ending December 30, 2018. See "Proposal 3 Ratification of Appointment of Independent Registered Public Accounting Firm" in this proxy statement for more information about this proposal.

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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 Wednesday, May 30, 2018, beginning at 8:00 a.m. MDT, at our corporate headquarters, located at 6312 South Fiddler's Green Circle, Suite 200N, Greenwood Village, Colorado 80111. 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

General

As of the date of this proxy statement, our board of directors consists of eight directors, all of whom are independent except our CEO. Therefore, currently, 87.5% of our board is independent. Following the annual meeting, if all director nominees are elected, all directors will be independent except our CEO. Mr. Lloyd Hill retired and concluded his board service on May 18, 2017, the date of the 2017 annual meeting of stockholders, and Mr. Robert B. Aiken resigned from the board effective June 23, 2017. Following Mr. Hill's retirement and Mr. Aiken's resignation, the size of the board was reduced from ten directors to eight directors during fiscal 2017. Mr. Richard Howell will retire and conclude his board service upon the conclusion of the annual meeting. A new independent director nominee, Mr. Aylwin B. Lewis, has been nominated for election. Mr. Lewis was identified as a potential director candidate by the nominating and governance committee. The board may decide at a later time to add one or more directors who possess skills and experience that may be beneficial to our board and the Company. All of our directors are elected on an annual basis for a one-year term.

The directors elected at this annual meeting will serve in office until our 2019 annual meeting of stockholders or until their successors have been duly elected and qualified, or until the earlier of their respective deaths, resignations, or retirements. Each nominee has consented to serve if elected and we expect each of them will be able to serve if elected. If any nominee 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.

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. While there is no policy for consideration of diversity in identifying director nominees, 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.

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Directors and Nominees

Below, you can find the principal occupation and other information about each of the director nominees standing for election at the annual meeting. Information related to each 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.

Cambria W. Dunaway, 55

Director Since: June 2014

Current Committees:
Nominating and Governance (Chair)
Compensation

Other Public Company Board Service:
Planet Fitness Inc. (2017-present)

Recent Past Public Company Board Service:
Nordstrom FSB (2014-2017)
Marketo (2015-2016)
Brunswick Corporation (2006-2014)

Other Board Service:
Go Health (2017-present)

Ms. Dunaway 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 October 2010 to December 2014 and remains as an advisor to the company on an on-going basis. From October 2007 to October 2010, Ms. Dunaway 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. Before joining Nintendo, Ms. Dunaway was Chief Marketing Officer for Yahoo! from June 2003 to November 2007. Prior to joining Yahoo!, Ms. Dunaway was 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 brands. Ms. Dunaway holds a Bachelor of Science degree in business administration from the University of Richmond and an M.B.A. from Harvard Business School.

Ms. Dunaway brings to the board of directors, among her other skills and qualifications, 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 package goods. She brings experience in the areas of marketing strategy, communications, data analytics, loyalty, digital transformation, and governance. In light of the foregoing, our board of directors has concluded that Ms. Dunaway should continue as a member of our board.

Kalen F. Holmes, 51

Director Since: August 2016

Current Committees:
Compensation (Chair)
Nominating and Governance

Other Public Company Board Service:
Zumiez Inc. (December 2014-present)

Other Board Service:
OneMedical Group (2017-present)
YWCA King and Snohomish counties (2009-present)
Pacific Northwest Ballet, Governing Board of Trustees (2013-present)

Recent Past Public Company Board Service:
None

Ms. Holmes served as an Executive Vice President of Partner Resources (Human Resources) at Starbucks Corporation from November 2009 until her retirement in February 2013. Prior to her employment with Starbucks, Ms. Holmes held a variety of leadership roles with HR responsibility for Microsoft Corporation from September 2003 through November 2009. Prior to joining Microsoft, Ms. Holmes served in a variety of industries, including high-tech, energy, pharmaceuticals, and global consumer sales. Ms. Holmes serves on the board of directors of Zumiez Inc., a publicly traded, Nasdaq-listed company. She also serves on the Board of Directors for the YWCA King and Snohomish counties and on the Board of Trustees for the Pacific Northwest Ballet. Ms. Holmes holds a Bachelor of Arts in Psychology from the University of Texas and a Master of Arts and a Ph.D. in Industrial/Organization Psychology from the University of Houston.

Ms. Holmes brings to the board of directors, among her other skills and qualifications, more than 20 years of experience as a senior human resource executive, management of executive and compensation programs, and management across multiple industries including retail, technology, and consumer products. In light of the foregoing, our board of directors has concluded that Ms. Holmes should continue as a member of our board.

Glenn B. Kaufman, 50

Director Since: August 2010

Current Committee:
Compensation

Other Public Company Board Service:
None

Other Board Service:
KEH Holdings, LLC (2012-present)
Trading Company Holdings LLC (2014-present)
KPS Global LLC (2015-present)

Recent Past Public Company Board Service:
None

Mr. Kaufman has been a Managing Member of the D Cubed Group, a private-market investment firm, since January 2011. At D Cubed group, in addition to leading the firm and its investment committee, Mr. Kaufman Chairs the Boards of KEH Holdings, Trading Company Holdings and KPS Global. Prior to forming D Cubed, he consulted to boards and senior executives of operating businesses as well as to private investment firms from January 2009 to December 2010. Previously, he spent 11 years at American Securities Capital Partners, where he was a Managing Director. During his tenure at American Securities, Mr. Kaufman spearheaded the firm's investing in the restaurant, food service and franchising, and healthcare sectors. He served as Chairman or a Director of Potbelly Sandwich Works, El Pollo Loco, Press Ganey Associates, Anthony International, and DRL Holdings. He spent four years as an attorney with Cravath, Swaine & Moore and worked previously in the small business consulting group of Price Waterhouse. Mr. Kaufman holds a Bachelor of Science in Economics from the Wharton School of Business of the University of Pennsylvania and a law degree from Harvard University.

Mr. Kaufman brings to the board of directors, among his other skills and qualifications, valuable strategic, finance, budgeting, and executive leadership experience, as well as an extensive understanding of restaurant operations, direct/omni-channel marketing, and franchising. He has approximately 20 years of experience as an active, engaged, private market investor. Mr. Kaufman has extensive restaurant, food service, franchising, healthcare, and retail expertise as a result of his investing and business activities at both the D Cubed Group and American Securities Capital Partners. In addition, Mr. Kaufman also has legal and business consulting expertise. In light of the foregoing, our board of directors has concluded that Mr. Kaufman should continue as a member of our board.

Aylwin B. Lewis, 63

Director nominee

Anticipated Committees:
Audit
Compensation

Other Public Company Board Service:
The Walt Disney Company (2004-present)
Marriott International, Inc. (2016-present)

Recent Past Public Company Board Service:
Potbelly Corporation (2008-2017)
Starwood Hotels & Resorts Worldwide (2013-2016)
Sears Holding Corp. (2005-2008)
Kmart Holding Corporation (2004-2008)

Mr. Lewis is retired and served as Chairman, Chief Executive Officer and President of Potbelly Corporation from 2011 to 2017, and as President and Chief Executive Officer from 2008 to 2017. Prior to that, Mr. Lewis was President and Chief Executive Officer of Sears Holdings Corporation, a nationwide retailer, from 2005 to 2008. Prior to being named Chief Executive Officer of Sears, Mr. Lewis was President of Sears Holdings and Chief Executive Officer of Kmart and Sears Retail following Sears' acquisition of Kmart Holding Corporation in 2005. Prior to that acquisition, Mr. Lewis had been President and Chief Executive Officer of Kmart since 2004. Prior to that, Mr. Lewis held a variety of executive leadership positions at YUM! Brands, Inc., a franchisor and licensor of quick service restaurants from 2000 until 2004. Mr. Lewis holds a Bachelor of Arts in English Literature and a Bachelor of Science in Hotel and Restaurant Management from the University of Houston and an MBA from the University of Houston. He also received a master's degree from Houston Baptist University.

Mr. Lewis brings to the board of directors, among his other skills and qualifications, significant executive and team leadership skills in, and management and leadership of, complex worldwide retail and service businesses, branding, marketing, and financial skills, and business strategy and tactical skills. He has approximately 40 years of experience in the restaurant and retail industries, including over 12 years as CEO. At Yum! Brands, Mr. Lewis was responsible for marketing and branding of consumer-facing products and services in the quick-serve food industry, and at Kmart and Sears he was responsible for all aspects of complex, worldwide businesses offering consumer products. At Potbelly Corporation, Mr. Lewis's responsibilities included developing and implementing the company's growth strategy. In light of the foregoing, our board of directors has concluded that Mr. Lewis should be elected as a member of our board.

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Steven K. Lumpkin, 63

Director Since: August 2016

Current Committee:

Audit (Anticipated Chair following annual meeting)

Other Public Company Board Service:
None

Other Board Service:
Hodgon Powder Company (2015-present)
Trading Company Holdings, LLC (2015-present)
Trabon Companies (2013-present)
Fiorella Jack's Stack Restaurant Group (2009-present)

Recent Past Public Company Board Service:
Applebee's International, Inc. (2004-2007)

Mr. Lumpkin currently serves as Principal of Rolling Hills Capital Partners, a consulting firm. Mr. Lumpkin previously served as Executive Vice President, Chief Financial Officer, and a director of Applebee's International, Inc., where he held various executive positions from 1995 until his retirement in 2007. Prior to joining Applebee's, he was Executive Vice President and director at Kimberly Quality Care Inc. Mr. Lumpkin is a CPA, with a bachelor's in accounting from the University of Missouri - Columbia.

Mr. Lumpkin brings to the board of directors, among his other skills and qualifications, extensive experience in the restaurant industry and an accounting and finance background. In light of the foregoing, our board of directors has concluded that Mr. Lumpkin should continue as a member of our board.

Pattye L. Moore, 60

Director Since: August 2007 (Board Chair since February 2010)

Current Committees:

Audit
Nominating and Governance

Other Public Company Board Service:
ONEOK (2002-present)
ONEGAS, Inc. (2014-present)

Other Board Service:
Quicktrip Corporation (2005-present)

Recent Past Public Company Board Service:
Giant Impact (2008-2013)
Sonic Corp. (2000-2006)

Ms. Moore is a business strategy consultant and the author of Confessions from the Corner Office, a book on leadership instincts. Ms. Moore was on the board of directors for Sonic Corp. from 2000 through January 2006 and was the President of Sonic from January 2002 to November 2004. She held numerous senior management positions during her 12 years at Sonic, including Executive Vice President, Senior Vice President Marketing and Brand Development and Vice President Marketing. Prior to joining Sonic Corp., she served as a senior executive and account supervisor on the Sonic account at the advertising agency Advertising, Inc. Ms. Moore is an author, speaker, and consultant for multi-unit retail and restaurant companies.

Ms. Moore brings to the board of directors, among her other skills and qualifications, significant executive leadership, management, marketing, business strategy, brand and concept development, and public relations experience as well as deep knowledge of the restaurant industry. During her tenure at Sonic, the company grew from $900 million in system-wide sales with 1,100 units to over $3 billion in system-wide sales and 3,000 units. Ms. Moore was named to the 2017 National Association of Corporate Directors (NACD) Directorship 100 and is an NACD Board Leadership Fellow. Ms. Moore's directorships at other companies also provide her with extensive corporate governance experience. In light of the foregoing, our board of directors has concluded that Ms. Moore should continue as a member of our board.

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Stuart I. Oran, 67
Director Since: March 2010

Current Committee:
Audit

Other Public Company Board Service:
FCB Financial Holdings, Inc. (2010-Present)
OHA Investment Corporation (2014-present)

Other Board Service:
Accurus Aerospace Corporation (2015-present)
AIM Aerospace Corporation (2016-Present)
Children's Cancer & Blood Foundation (2017-Present)
Dunlop Aircraft Tyres (2017-present)

Recent Past Public Company Board Service:
Spirit Airlines (2004-2015)
Deerfield Capital Corp. (2008-2010)
Hughes Telematics (f/k/a Polaris Acquisition Corp.) (2007-2009)
Wendy's International, Inc. (2005-2008)

Since 2011, Mr. Oran has been a partner at Liberty Hall Capital Partners, a private equity firm focused on the aerospace and defense sectors. Mr. Oran is also the co-founder of FCB Financial Holdings, Inc., a bank holding company formed to acquire failed banks in FDIC-assisted transactions. Mr. Oran founded Roxbury Capital Group LLC in 2002 and was its managing member until December 2011. From 1994 to 2002, Mr. Oran held a number of senior executive positions at UAL Corporation and its operating subsidiary, United Airlines, Inc., including Executive Vice President Corporate Affairs (responsible for United's legal, public, governmental and regulatory affairs, and all of United's properties and facilities), Senior Vice President International (P&L responsibility for United's international division comprised of its operations and employees (approximately 12,000) in 27 countries), and President and Chief Executive Officer of Avolar, United's aviation line of business. During that period, Mr. Oran also served as a director of United Air Lines (the operating subsidiary) and several of its subsidiaries, and on the Management Committee, Risk Management Committee, and Alternative Asset Investment Committee of UAL. Prior to joining UAL and United, Mr. Oran was a corporate partner at the New York law firm of Paul, Weiss, Rifkind, Wharton & Garrison LLP.

Mr. Oran brings to the board of directors, among his other skills and qualifications, valuable business, leadership, management, and strategic planning experience which he gained during his employment with UAL Corporation, as a private equity investor at Liberty Hall Capital Partners and as a board member of Wendy's International, Inc. He also brings significant knowledge of the restaurant industry from his board service at Wendy's. In addition, Mr. Oran has experience serving as a director of a number of other large public companies which provided him with extensive corporate governance experience. In light of the foregoing, our board of directors has concluded that Mr. Oran should continue as a member of our board.

Denny Marie Post, 60
Director Since: August 2016

Other Public Company Board Service:
None

Other Board Service:
Women's Food Service Forum (2015-present)
Nurse-Family Partnership (2017-present)
Blue Dog Bakery (2017-present)

Recent Past Public Company Board Service:
None

Ms. Post has served as Chief Executive Officer of the Company since August 2016 and as President since February 2016. Prior to that, Ms. Post served as Executive Vice President and Chief Concept Officer of the Company since March 2015. Ms. Post joined the Company in August 2011 as Senior Vice President and Chief Marketing Officer. Before joining the Company, Ms. Post was the Managing Member of mm&i Consulting LLC, a marketing consulting firm, from June 2010 to July 2011. She served as Senior Vice President, Chief Marketing Officer of T-Mobile USA from July 2008 to May 2010, as Senior Vice President, Global Beverage, Food, and Quality at Starbucks Corporation from February 2007 to June 2008, as Senior Vice President, Chief Concept Officer of Burger King Corp. from April 2004 to January 2007, and prior to that, in various marketing executive roles at YUM! Brands, Inc.

Ms. Post brings to the board of directors, among her other skills and qualifications, restaurant industry experience and valuable executive leadership, including in the areas of marketing and brand management. In light of the foregoing, our board of directors has concluded that Ms. Post 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.

Board Recommendation

Our board of directors recommends that you vote FOR the election of each of the nominees for director.

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CORPORATE GOVERNANCE AND BOARD MATTERS

Governance Principles

The board of directors seeks to ensure that good governance and responsible business practices are part of our culture and values. To ensure that we achieve this goal, the board of directors has previously established corporate governance guidelines it follows with respect to corporate governance matters, which are available on the investor relations section of our website at *www.redrobin.com*. The board of directors reviews the governance guidelines annually to ensure that they are timely, effective, and supportive of the board's oversight and other responsibilities.

Executive Development and Management Succession

Executive development and succession is an important responsibility of the board of directors. Under the Company's corporate governance guidelines, the board maintains an ongoing policy and plan for the development and succession of the CEO and other senior officers. The board has delegated some of this responsibility to the nominating and governance committee. As provided in our corporate governance guidelines, the succession policy and plan has a multi-year focus that encompasses, among other things, the following attributes:

- 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 through death, disability, or other similar emergency.

The nominating and governance committee and the board work closely with management to ensure that development and succession are anticipated, planned for, and addressed in a timely manner. Under the guidance of the committee, Ms. Post and each of the executive officers 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.

Ms. Post regularly meets with the full board on her performance, and her annual performance evaluation is conducted under the oversight of the compensation committee. Ms. Post conducts annual and interim performance and development evaluations of the other senior executives and reviews these evaluations with the compensation committee or full board.

At least annually, and when otherwise necessary, the nominating and governance committee 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.

Stockholder Engagement

The board and management believe that 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. Among other things, engagement with our stockholders helps us to:

- understand and consider the issues that matter most to our stockholders;
- share and discuss our strategy and objectives; and

assess stockholder feedback and any emerging issues related to our governance practices, business, operations, or compensation.

This approach has resulted in our receiving essential input and additional perspectives from our stockholders. We regularly engage with our stockholders through attendance at investor conferences, issuance of press releases and quarterly conference calls, other stockholder communications, and individual meetings throughout the year. We spoke to holders of more than 68% of our outstanding shares since the last annual meeting to discuss our business and solicit feedback.

We also recognize the connection between good corporate governance and our ability to create and sustain value for our stockholders. In response to evolving governance practices, regulatory changes, and concerns of our stockholders, the Company has made a number of changes to our corporate governance practices over the past several years.

Highlights of our governance program include:

- Fully declassified board of directors
- Independent chair of the board of directors
- All director nominees are independent other than our CEO
- All current committee members are independent
- Board members have diverse backgrounds, expertise, and skills
- Robust board, committee, and director self-evaluation process completed annually instead of age or term limits
- The board of directors and each committee regularly meet in executive session without members of management
- Frequent engagement by management with institutional investors
- Majority voting standard for uncontested director elections
- 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
- Formal policy prohibiting hedging and pledging of Company securities by executive officers and directors
- Directors regularly engage in in-boardroom and outside director education
- No poison pill in place

Board Leadership Structure

The board recognizes that one of its key responsibilities is to evaluate and determine the optimal leadership structure so as to provide independent oversight of management. Accordingly, 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. Pattye L. Moore currently serves as chair of the board due to, among other things, her prior experience on public company boards of directors, as well as her extensive leadership experience within the restaurant industry.

We believe that having a non-executive, independent board chair is in the best interests of the Company and our stockholders at this time. The separation of the roles of board chair and chief executive officer allows Ms. Post to focus on managing the Company's business and operations, and allows Ms. Moore to focus on board matters, especially in light of the high level of regulation and scrutiny of public company boards. Further, we believe that 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.

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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 that the Company faces and how these risks are being managed. The board receives regular reports on enterprise risk areas from senior officers of the Company, including the areas of food safety and data 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 framework and ensures that the board or a designated committee is monitoring the identification, assessment, and mitigation of all significant enterprise risks. 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 committees regularly report to the full board on the assessment and management of these risks. The board believes that the work undertaken by the audit committee, together with the work of the other committees, the full board, and the senior officers of the Company, enables the board to effectively oversee the Company's risk management.

Board Membership and Director Independence

Our board of directors has determined that each of our directors, except our CEO, Ms. Post, qualifies as an independent director under the rules promulgated by the U.S. Securities and Exchange Commission ("SEC") and The Nasdaq Stock Market® ("Nasdaq") listing standards. Therefore, 87.5% of our directors and director nominees are independent. Pursuant to these rules, only independent directors may serve on the board's audit committee, compensation committee, and nominating and governance committee. Currently, all members of each of these 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.

Director Attendance

The board of directors held ten meetings in 2017, including eight in-person meetings. Each of our current directors attended at least 75% of the aggregate total of meetings of the board of directors and committees during their period of service in 2017. 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. All of our directors serving at the time attended our 2017 annual meeting.

Committees of the Board of Directors

Our board of directors currently has three standing committees: an audit committee, a compensation committee, and a nominating and governance committee. Each of our standing committees 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 the investor relations tab of our website at

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www.redrobin.com. The committee charters are reviewed at least annually by the respective committee to revise and update the committee duties and responsibilities as necessary.

In 2017, we also had a finance committee that provided principal oversight of, and made recommendations to the board and management on, the Company's financial plan and strategies,

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budget and long range plan, capital allocation, financial and analytic aspects of operations, the Company's financial policies and goals, and material transactions involving capital structure. The duties of the finance committee have been absorbed by the other committees and the full board to streamline board actions. The members of the finance committee in 2017 were Glenn B. Kaufman (Chair), Steven K. Lumpkin, and Stuart I. Oran. The finance committee held eight telephonic meetings in 2017.

Mr. Howell will conclude his board and committee service upon the conclusion of the annual meeting. It is anticipated that Mr. Lewis will join the audit and compensation committees upon his election to the board and Mr. Lumpkin will assume the duties of chair of the audit committee.

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, 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.

Communications with our 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,

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CO 80111, or by sending an e-mail to: *Board@redrobin.com*. The Company's chief legal officer will review all communications, categorize them, and forward them to the appropriate board member(s). 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, vice president of internal audit, 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 corporate governance section of the investor relations tab of our website at: *www.redrobin.com*.

Certain Relationships and Related Transactions

Transactions with Related Persons

For 2017, we had no material related party transactions which were required to be disclosed in accordance with SEC regulations.

Review, Approval, or Ratification of Transactions with Related Persons

The board of directors recognizes that transactions between the Company and certain related persons present a heightened risk of conflicts of interest. To ensure that 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, Robert B. Aiken, Cambria W. Dunaway, Kalen F. Holmes, Richard J. Howell, and Glenn B. Kaufman 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 was 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.

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Director Compensation

The compensation of our directors was determined by the compensation committee after reviewing market data and analyses from its independent compensation consultant. Set forth below are the elements of our director compensation for 2017.

Annual Retainer

Each non-employee director of the Company received an annual retainer of $70,000, payable in substantially equal quarterly installments. In addition, the following amounts were paid to the chair of the board and each board committee chair in substantially equal quarterly installments:

Chair of the board	$85,000
Chair of audit committee	$15,000
Chair of compensation committee	$12,500
Chair of nominating and governance committee	$7,500
Chair of finance committee	$10,000

Equity Awards

Upon initial appointment or election to the board of directors, each non-employee director generally receives a non-qualified stock option grant covering 5,000 shares. Each initial grant of 5,000 stock options vests and becomes exercisable in equal monthly installments over the 24-month period following the date of grant. In addition, at the discretion of the board of directors, each non-employee director is eligible to receive annual grants of stock options, restricted stock, or restricted stock units. In 2017, each non-employee director received an annual grant of restricted stock units with a grant date value of approximately $110,000 and a vesting term of one year. The one-year vesting term is consistent with the Company's declassification of its board of directors with annual elections for one-year terms in accordance with governance best practices.

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2017 Director Compensation

The following table sets forth a summary of the compensation earned by our non-employee directors in fiscal 2017.

Name	Fees Earned or Paid in Cash ($)	Option Awards ($)	Stock Awards ($)(1)	All Other Compensation ($)(2)	Total ($)
Current Directors					
Cambria W. Dunaway	77,500	-	109,992	-	187,492
Kalen F. Holmes	84,255	-	109,992	-	194,247
Richard J. Howell	85,000	-	109,992	-	194,992
Glenn B. Kaufman	80,000	-	109,992	-	189,992
Steven K. Lumpkin	70,000	-	109,992	-	179,992
Pattye L. Moore	155,000	-	109,992	-	264,992
Stuart I. Oran	70,000	-	109,992	-	179,992
Former Directors					
Robert B. Aiken(3)	15,745	-	-	-	15,745
Lloyd Hill(4)	8,966	-	-	-	8,966

(1) Each director was awarded 1,547 restricted stock units in May 2017. The fair value of such restricted stock units was computed in accordance with the guidance for accounting for stock compensation at $71.10 per share for all directors. All such restricted stock units are subject to vesting in full on the first anniversary of the date of grant, unless earlier vested per the terms of the award agreement or the Company's 2017 Performance Incentive Plan (the "2017 Plan").

(2) The aggregate amount of all other compensation paid to each director in fiscal year 2017 did not exceed $2,500 per director.

(3) Mr. Aiken resigned from the Board effective as of June 23, 2017. The compensation was for a partial year's service on the board. Although Mr. Aiken received an award of 1,547 restricted stock units in May 2017, similar to the other non-employee directors, such award did not vest and was therefore forfeited upon such resignation (see footnote (1) above).

(4) Mr. Hill retired and concluded his board service on May 18, 2017, the date of last year's annual meeting.

As of the end of the fiscal year 2017, 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
Cambria W. Dunaway	5,000	1,547
Kalen F. Holmes	5,000	1,547
Richard J. Howell	2,000	1,547
Glenn B. Kaufman	0	1,547
Steven K. Lumpkin	5,000	1,547
Pattye L. Moore	1,500	1,547
Stuart I. Oran	5,000	1,547

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Director Stock Ownership Guidelines

The compensation committee has had stock ownership guidelines in place for non-employee directors since March 2009 (see "Compensation Discussion and Analysis Executive Compensation Policies and Guidelines Executive Stock Ownership Guidelines" for discussion of the ownership guidelines for executive officers). The current ownership guidelines 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 the 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 our directors are currently in compliance or on track to be in compliance with the minimum ownership threshold.

The following table sets forth the ownership guidelines and the holdings of the non-employee directors as of March 16, 2018, valued at the acquisition dates pursuant to our director stock ownership guidelines:

Director	Ownership Guideline	Current Dollar Value of Guideline	Cumulative Cost Basis
Cambria W. Dunaway	5x Retainer	$350,000(1)	$430,968
Kalen F. Holmes	5x Retainer	$350,000(2)	$235,861
Richard J. Howell	5x Retainer	$350,000	$833,305
Glenn B. Kaufman	5x Retainer	$350,000	$958,910
Steven K. Lumpkin	5x Retainer	$350,000(2)	$235,861
Pattye L. Moore	5x Retainer	$350,000	$937,296
Stuart I. Oran	5x Retainer	$350,000	$606,758

(1) To be achieved by June 2019.

(2) To be achieved by August 2021.

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 that these agreements are necessary in attracting and retaining qualified directors and officers.

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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 12,971,479 shares of common stock outstanding as of March 16, 2018.

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 16, 2018 (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.

	Shares Beneficially Owned	
Name and Address of Beneficial Owner	**Amount and Nature of Beneficial Ownership**	**Percent of Class**
T. Rowe Price Associates, Inc.(1)	2,002,006	15.43%
BlackRock, Inc.(2)	1,612,905	12.43%
Dimensional Fund Advisors LP(3)	1,090,245	8.40%
Daruma Capital Management, LLC(4)	935,933	7.22%
Ameriprise Financial, Inc.(5)	727,500	5.61%
The Vanguard Group(6)	717,903	5.53%

(1) This information is based on an amendment to Schedule 13G filed with the SEC on February 14, 2018 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 2,002,006 shares and sole voting power as to an aggregate of 450,023 shares) and Price Small-Cap Fund (which was the beneficial owner with sole voting power as to an aggregate of 743,121 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 23, 2018. At the time of filing, the reporting person reported being a holding company that has sole voting power over 1,584,393 shares and sole dispositive power over 1,612,905 shares. The filing also reports that various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the shares and that no one person's interest 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 an amendment to Schedule 13G filed with the SEC on February 9, 2018 by Dimensional Fund Advisors LP ("Dimensional"). At the time of filing, Dimensional reported being an investment advisor that has sole voting power over

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1,040,691 shares and sole dispositive power over 1,090,245 shares. The filing also reports that various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the shares and that, to the knowledge of Dimensional, no one person's interest in the shares is greater than five percent (5%) of the total number of outstanding shares. For the purposes of the reporting requirements of the Exchange Act, Dimensional is deemed to be a beneficial owner of such securities; however, Dimensional disclaims that it is, in fact, the beneficial owner of such securities. The address for Dimensional's principal business office is Building One, 6300 Bee Cave Road, Austin, Texas 78746.

(4)
This disclosure is based on a Schedule 13G filed with the SEC on February 14, 2018 jointly by Daruma Capital Management, LLC ("Daruma Capital") and Mariko O. Gordon ("Gordon"). At the time of filing, Daruma Capital reported being an investment advisor that has shared voting power over 404,669 shares and shared dispositive power over 935,933 shares, and Gordon reported being an individual and control person that has shared voting power over 404,669 shares and shared dispositive power over 935,933 shares. The filing also reports that the shares are held in the accounts of private investment vehicles and managed accounts advised by Daruma Capital. The address for the reporting parties' principal business office is 626 King Avenue, Bronx, New York 10464.

(5)
This disclosure is based on a Schedule 13G filed with the SEC on February 14, 2018 jointly by Ameriprise Financial, Inc. ("AFI") and Columbia Management Investment Advisers, LLC ("CMIA"). At the time of filing, AFI reported being a holding company that has shared voting power over 697,700 shares and shared dispositive power over 727,500 shares, and CMIA reported being an investment advisor that has shared voting power over 697,700 shares and shared dispositive power over 727,500 shares. The filing also reports that AFI, as the parent company of CMIA, may be deemed to beneficially own the shares reported therein by CMIA. Accordingly, the shares reported therein by AFI include those shares separately reported therein by CMIA. The address for AFI's principal business office is 145 Ameriprise Financial Center, Minneapolis, Minnesota 55474 and the address for CMIA's principal business office is 225 Franklin Street, Boston, Massachusetts 02110.

(6)
This disclosure is based on a Schedule 13G filed with the SEC on February 9, 2018 by The Vanguard Group ("Vanguard"). At the time of filing, Vanguard reported being an investment advisor that has sole voting power over 24,111 shares, shared voting power over 2,091 shares, sole dispositive power over 692,517 shares and shared dispositive power over 25,386 shares. The address for Vanguard's principal business office is 100 Vanguard Blvd., Malvern, Pennsylvania 19355.

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 16, 2018 by:

- each of our directors and director nominees;
- each named executive officer set forth in the Summary Compensation Table; and

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all directors and executive officers as a group.

Name of Beneficial Owner	Shares Beneficially Owned(1) Amount and Nature of Ownership	Percent of Class
Denny Marie Post(2)	61,421	*
Guy J. Constant(3)	13,249	*
Carin L. Stutz(4)	12,102	*
Jonathan A. Muhtar(5)	18,991	*
Michael L. Kaplan(6)	11,837	*
Cambria W. Dunaway(7)	10,006	*
Kalen F. Holmes(8)	6,156	*
Richard J. Howell(9)	17,352	*
Glenn B. Kaufman(10)	21,440	*
Aylwin B. Lewis		*
Steven K. Lumpkin(11)	6,156	*
Pattye L. Moore(12)	24,848	*
Stuart I. Oran(13)	11,123	*
Directors and executive officers as a group (13 persons)(14)	214,681	1.64%

*
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 16, 2018, 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 6,661 shares of common stock held directly by Ms. Post and 54,760 shares of common stock subject to options that are currently exercisable or exercisable within 60 days of March 16, 2018.

(3)
Consists of 8,076 shares of common stock held directly by Mr. Constant and 5,173 shares of common stock subject to options that are currently exercisable or exercisable within 60 days of March 16, 2018.

(4)
Consists of 1,342 shares of common stock held directly by Ms. Stutz, 4,830 shares held indirectly by Ms. Stutz in a trust of which Ms. Stutz is a trustee and 5,930 shares of common stock subject to options that are currently exercisable or exercisable within 60 days of March 16, 2018.

(5)
Consists of 2,697 shares of common stock held directly by Mr. Muhtar and 16,294 shares of common stock subject to options that are currently exercisable or exercisable within 60 days of March 16, 2018.

(6)
Consists of 1,526 shares of common stock held directly by Mr. Kaplan and 10,311 shares of common stock subject to options that are currently exercisable or exercisable within 60 days of March 16, 2018.

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(7) Consists of 5,006 shares of common stock held directly by Ms. Dunaway and 5,000 shares of common stock subject to options that are currently exercisable or exercisable within 60 days of March 16, 2018.

(8) Consists of 1,781 shares of common stock held directly by Ms. Holmes and 4,375 shares of common stock subject to options that are currently exercisable or exercisable within 60 days of March 16, 2018.

(9) Consists of 17,352 shares of common stock held directly by Mr. Howell.

(10) Consists of 21,440 shares of common stock held directly by Mr. Kaufman.

(11) Consists of 1,781 shares of common stock held directly by Mr. Lumpkin and 4,375 shares of common stock subject to options that are currently exercisable or exercisable within 60 days of March 16, 2018.

(12) Consists of 24,848 shares of common stock held indirectly by an entity owned and managed by Ms. Moore and her husband.

(13) Consists of 4,123 shares of common stock held directly by Mr. Oran, 2,000 shares of common stock held indirectly by Mr. Oran in two trusts of which Mr. Oran is co-trustee, and 5,000 shares of common stock subject to options that are currently exercisable or exercisable within 60 days of March 16, 2018.

(14) Includes 111,218 shares of common stock subject to options that are currently exercisable or exercisable within 60 days of March 16, 2018.

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

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average exercise price of outstanding options, and the number of shares remaining available for future award grants under these plans as of December 31, 2017:

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	468,657	$54.60	-
2017 Plan (1)	3,591		663,688
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	472,248	$54.60	663,688(2)

(1) Shares reported in column (a) under the 2017 plan include shares underlying performance share units (PSUs) awarded to our chief executive office and chief financial officer in 2017. 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 such shares into account.

(2) Of the aggregate number of shares that remained available for future issuance as of December 31, 2017, 92,393 shares were available for issuance under the ESPP and 571,295 shares were available for issuance under the 2017 Plan. No new awards will be granted under the 2007 Plan.

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COMPENSATION DISCUSSION AND ANALYSIS

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 2017, our named executive officers were:

Denny Marie Post, President and Chief Executive Officer

Guy J. Constant, Executive Vice President and Chief Financial Officer

Jonathan A. Muhtar, Executive Vice President and Chief Concept Officer(1)

Carin L. Stutz, Executive Vice President and Chief Operating Officer

Michael L. Kaplan, Senior Vice President and Chief Legal Officer

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(1) Mr. Muhtar served as Senior Vice President and Chief Marketing Officer of the Company during 2017. He was promoted to Executive Vice President and Chief Concept Officer of the Company, effective January 1, 2018.

Overview

Red Robin Gourmet Burgers, Inc., together with its subsidiaries, primarily develops, operates, and franchises full-service restaurants in North America and focuses on serving an imaginative selection of high quality gourmet burgers in a fun environment welcoming to guests of all ages. Red Robin's goal is to differentiate itself from typical casual dining establishments based on quality, service, and value. To differentiate on quality, we offer a large and varied selection of highly craveable and customizable burgers. To differentiate on service, our goal is to be highly attentive to guests of all ages, serving food and beverages quickly so they can spend more time enjoying their food and less time waiting. We also strive to deliver tremendous value by providing delicious food at a range of price points, accompanied with our bottomless steak fries and other sides with every meal. Red Robin guests give us credit for these key points of differentiation and we seek to build on them every day by living our 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.

To ensure the continued success of Red Robin in a rapidly evolving marketplace, we focus on five strategic areas:

Building Team Member engagement. We emphasize and support Team Member engagement, retention, and culture that will foster the development of great leaders. Our goal is to enhance clarity with our Team Members by consistently communicating our strategy and ensuring we remain narrowly focused on our strategic initiatives. We continually strive to develop extraordinary people and encourage Team Member performance through appreciation, recognition, and respect. In an effort to continue to develop leadership strength, we are focused on expanding our School of Leadership, executing dynamic succession planning, and innovative recruiting and talent development.

Regaining operational edge. Our strategy in regaining operational edge includes delivering consistently great burgers, accurately customized, and served quickly by our caring Team Members whether the guest chooses to dine in the restaurant or off premise. Our goal is to deliver exceptional service to our guests through promoting a "Better for Being Here" environment and we continually strive to enhance our guest's experience with a focus on guests of all ages and their occasions. We respect our guests' need for the "gift of time" and remain committed to improving both speed of service and order accuracy.

Becoming our guests' go-to for great burgers. We continue to focus on being our guests' go-to for great burgers by offering craveable burgers and "bottomless" side options at

attractive prices wherever and however our guests want. We actively seek to enhance value through a balance of quality, quantity, price, and experience. This includes providing high quality core menu items, as well as delivering value through new products at everyday value prices and abundance through bottomless sides and beverages. We are enhancing loyalty offerings via our Red Robin Royalty program to drive Guest traffic. Additionally, we are focused on driving guest preference by offering our products through alternate modes of access. As part of this strategy, we offer online ordering for carry-out, delivery access in limited locations via multiple third-party services, and catering. We are also currently testing self-delivery for potential deployment in future years.

Rapidly reinventing Red Robin. Facing rapidly increasing labor costs and changing guest needs, we are also working to transform our existing assets as needed with new service models and to craft entirely new Red Robin prototypes which will enable future unit growth. We are dedicating resources to defining the "Red Robin of the Future."

Delivering great stockholder value. We are committed to delivering stockholder value by improving profitability and investing capital wisely. Our goal is to optimize our capital structure, pace development activities, and improve our EBITDA margin through revenue growth and targeted cost savings.

We believe these strategic initiatives will provide the foundations for scalable and sustainable long-term growth, profitability, and increased stockholder value.

Our executive compensation program supports this focus through several key objectives:

Attracting, retaining, and motivating the best possible executive talent who have the experience and leadership skills capable of driving performance and top-line growth in sales;

Creating value for our stockholders by linking executive compensation to the achievement of measurable corporate objectives and the minimization of unreasonable or excessive risk-taking; 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.

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2017 EXECUTIVE SUMMARY

Following is an executive summary of our 2017 executive compensation program:

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 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 Elements

Our 2017 executive compensation program was comprised of three primary elements: base salaries, annual performance-based cash bonus incentive, and long-term incentives that include performance share units (PSUs) or cash awards (depending on position) based on three-year performance cycles and equity awards (stock options and restricted stock units). Financial metrics used for the annual performance-based cash bonus incentive and long-term cash and PSU incentive grants are linked to the Company's strategic business plans.

Approximately 80% of our CEO's and 68% of our named executive officers' target total compensation is made up of either annual cash incentives or long-term incentives.

In 2017, our chief executive officer and chief financial officer compensation shifted to increase the portion of compensation paid in equity and based on performance. These executives received equity grants in the form of PSUs, instead of cash for that portion of the long-term incentive program. This change will be effective for all executive officers beginning in 2018.

Setting Compensation

Executive compensation decisions are made by our independent compensation committee, which is currently comprised solely of independent directors.

When making compensation decisions, our compensation committee receives input from its independent compensation consultant and receives recommendations from our CEO for her direct reports. Our compensation committee also reviews benchmarking data of the compensation paid by a peer group of restaurant companies selected by the compensation committee.

Company Performance in 2017

Our 2017 performance improved year-over-year with total revenues of $1.4 billion in 2017, an increase of 6.5% over 2016, and we achieved some of our expectations and performance goals, including pre-set company EBITDA goals for 2017 for both our annual bonus and long-term incentive programs. We achieved these results while making considerable progress on the critical changes we believe will make Red Robin successful in 2018 and beyond.

Net income increased to $30.0 million in 2017 from $11.7 million in 2016.

Comparable restaurant revenue increased 0.6% (using constant currency rates).

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Comparable restaurant guest counts increased 0.4%.

GAAP earnings per diluted share increased to $2.31 in 2017 from $0.87 in 2016.

In our fiscal fourth quarter 2017, we outperformed the casual dining industry on Guest traffic for the sixth consecutive quarter and ended 2017 with positive same store sales. We outperformed the casual dining industry in Guest traffic for the 2017 fiscal year by approximately 310 basis points, making it the sixth consecutive year of outperformance as reported by Black Box Intelligence, a financial benchmarking report for the restaurant industry.

2017 Compensation Highlights

The compensation committee did not make significant structural changes to our executive compensation program for 2017. We believe this is consistent with the wishes of our stockholders, who have expressed overwhelming support (greater than 98% of votes cast) for our executive compensation program at each of our last three annual "say-on-pay" advisory votes.

Based on our total compensation philosophy and peer compensation levels as well as successful individual performance, the compensation committee chose to increase salary levels for certain named executive officers in 2017.

- Ms. Post's salary increased from $700,000 to $750,000.
- Ms. Stutz's salary increased from $400,000 to $475,000.
- Mr. Muhtar's salary increased from $375,000 to $385,000.
- Mr. Kaplan's salary increased from $345,000 to $355,000.

The structure and primary metric of our annual performance-based cash bonus incentive program remained the same in 2017.

- Based on the achievement of pre-set company EBITDA goals for 2017, our named executive officers received a payout of their annual performance-based cash incentive at 72.64% of target (compared to no payout received in 2016).

The structure of our long-term incentive program opportunities remained the same in 2017 for executives other than the CEO and CFO, with 40% of long-term incentives delivered in the form of stock options, 20% delivered in the form of restricted stock units, and 40% delivered in the form of long-term cash incentives. For our CEO and CFO, 40% of the long-term incentives were payable in PSUs instead of long-term cash incentives. Ms. Post received additional PSUs pursuant to her employment agreement related to her promotion to CEO in 2016.

- Certain of our executive officers' long-term incentive targets as a percent of salary were increased based on updated market information and individual performance. Ms. Post's long-term incentive target was increased from 250% to approximately 275%. Ms. Stutz's long-term incentive target was increased from 100% to 150%.

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- Because we did not meet threshold performance measures for the three-year EBITDA and ROIC targets for the 2015-2017 long-term incentive cash award, our named executive officers did not receive a payout for that award (compared to payout at 29.75% of target for long-term cash incentives for the 2014-2016 performance period).

Governance Standards and Compensation Best Practices Currently in Effect

- Pay for performance focused executive compensation structure, with a significant portion of executive pay "at-risk"
- Independent compensation committee setting executive compensation advised by an independent compensation consultant
- Annual evaluation of potential risks of our executive compensation program
- No excise tax gross ups
- Double trigger required for equity vesting upon change in control (other than certain performance awards)
- No repricing of underwater options without stockholder approval
- 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 executive incentive compensation in the event of a financial restatement
- Limited number of perquisites offered to our executives

2017 Performance and Impact on Pay

Under Ms. Post's leadership, the Company continues to pursue improvement in performance designed to drive top-line growth in sales and lay the foundation for scalable and sustainable long-term growth, profitability, and increased stockholder value. Our compensation objectives are designed to link incentives and rewards with current and long-term sustained achievement of these goals.

Our 2017 performance improved year-over-year and we were able to achieve some of our expectations and performance goals. Based on this performance, our named executive officers met the performance goals necessary to achieve partial payout of the annual cash incentive. The long-term incentive program that covered the last three fiscal years did not pay out because the long-term performance goals were not met.

Executive Compensation Decision-making

The compensation committee determines target total direct compensation for named executive officers by establishing base salaries and setting annual and long-term incentive compensation targets.

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When appropriate, the committee also approves special awards and relatively modest perquisites. When determining target total direct compensation, the committee considers the following:

- Company performance and our pay for performance compensation program design.
- 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 proxies 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 her, 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.

Pay for Performance Alignment

Our compensation program is designed to pay for performance and link incentives to current and long-term sustained achievement of Company strategic goals. Accordingly, a significant portion of our named executive officers' compensation, excluding base salary, is incentive based, and is comprised of performance-based short-term and long-term awards. Such compensation therefore varies in value and is at-risk of forfeiture or reduced payout if performance goals are not achieved for cash-based incentives, or loss of value if our performance does not drive increases in our stock price. Financial measures such as EBITDA (earnings before interest, taxes, depreciation, and amortization) and ROIC (return on invested capital) used for the annual bonus and cash incentive grants are linked to the Company's strategic business plans that are reviewed and approved by our board of directors. Minimum financial targets must be achieved for any payouts of cash to be made under both the annual bonus and long-term incentive grants. Restricted stock units and stock options vest ratably over four years, the value of which is dependent, in whole or in part, on an increase in the Company's stock price.

The annual cash incentives and the long-term incentives place a large portion of the executive's pay at risk because such pay will fluctuate or vary in value based upon the level of performance achieved by the Company. Because incentive awards are performance-based, they are at risk of forfeiture or reduced payout if performance goals are not achieved. Moreover, long-term equity awards are at risk of forfeiture if the executive does not remain with the Company until the equity vests and are at risk of reduced realized value based upon Company stock price at the date of exercise.

2017 Named Executive Officer At-Risk Compensation. In 2017, "at-risk" or "variable" pay (subject to forfeiture or partial or complete loss of value) comprised 80% of total target compensation for CEO compensation and 68% of total target compensation for the other named executive officers as a group and included short-term and long-term incentives. The charts below reflect the portion of our named executive officers' 2017 total target compensation that is considered at risk or variable.

CEO

Other Named Executive Officers

Benchmarking

Restaurant Peer Group. Restaurant peer group companies were selected and approved by the compensation committee upon the recommendation of management and its compensation consultant, Aon Hewitt, and are based on their similarity to us with respect to several criteria, including revenue, size, and scope. Specifically, peers include U.S. public companies within the restaurant industry that have similar revenue and market value. The peer group used for 2017 compensation benchmarking consists of the 20 restaurant companies identified in the chart below. The Company ranked in the 54th percentile for its peer group in sales and 40th percentile in market value based on Aon Hewitt compensation analysis conducted in 2017.

In 2017, the compensation committee evaluated and updated its peers to the "New Peer Group" identified in the chart below. Bob Evans Farms, Inc. was removed from the Company's peer group because it is no longer a public reporting company. Ignite Restaurant Group, Inc. was also removed due to bankruptcy. Jack in the Box, Inc. was added based on similarities to the Company's

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peer group revenue and market capitalization criteria. No other changes were made to the Company's peer group in 2017. The New Peer Group will be used for setting 2018 compensation.

2017 Peer Group	**New Peer Group**
Bob Evans Farms, Inc.	Biglari Holdings, Inc.
Biglari Holdings, Inc.	BJ's Restaurants, Inc.
BJ's Restaurants, Inc.	Brinker International, Inc.
Brinker International, Inc.	Buffalo Wild Wings, Inc.
Buffalo Wild Wings, Inc.	Carrols Restaurant Group, Inc.
Carrols Restaurant Group, Inc.	The Cheesecake Factory, Inc.
The Cheesecake Factory, Inc.	Cracker Barrel Old Country Store, Inc.
Cracker Barrel Old Country Store, Inc.	Denny's Corporation
Denny's Corporation	DineEquity, Inc.
DineEquity, Inc.	Domino's Pizza, Inc.
Domino's Pizza, Inc.	Fiesta Restaurant Group, Inc.
Fiesta Restaurant Group, Inc.	Jack in the Box, Inc.
Ignite Restaurant Group, Inc.	Noodles & Company
Noodles & Company	Papa John's International, Inc.
Papa John's International, Inc.	Ruby Tuesday, Inc.
Ruby Tuesday, Inc.	Ruth's Hospitality Group, Inc.
Ruth's Hospitality Group, Inc.	Sonic Corp.
Sonic Corp.	Texas Roadhouse, Inc.
Texas Roadhouse, Inc.	The Wendy's Company
The Wendy's Company	

2017 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 2017, the compensation committee retained Aon Hewitt as its 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 Aon Hewitt'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 that no conflict of interest exists that would prevent Aon Hewitt from independently representing the compensation committee. The compensation committee has retained Meridian Compensation Partners, LLC as its new independent compensation consultant in 2018. The compensation committee determined Meridian's independence pursuant to the Nasdaq and SEC requirements.

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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 that we have made to our compensation policies and practices as a result of changes in our risk profile.

The compensation committee believes that 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;
- the compensation committee has the ability to reduce payouts under our annual incentive compensation plans in its discretion;
- executives are subject to robust stock ownership guidelines;
- executives are subject to anti-hedging 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 that the risks arising from its compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.

Consideration of Prior Say-on-Pay Advisory Votes

At our 2017 annual meeting of stockholders, holders of approximately 98.5% of the votes cast on such proposal approved the advisory vote ("say-on-pay") on the 2016 compensation of our named executive officers, which was consistent with the level of support we received in 2016 and 2015, when 98.2% and 99.0% of stockholders voted for our "say-on-pay" proposal.

We believe the level of support we received from stockholders for the last three years was driven in part by our continued improvement in performance and our commitment to pay for performance and link incentives to current and long-term sustained achievement of Company strategic goals. The compensation committee did not make significant structural changes to our executive compensation program for 2017. The compensation committee considered the results of the advisory vote when setting executive compensation for 2017 and will continue to do so in future executive compensation policies and decisions.

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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 and adjusts them from time to time to account for relevant factors such as market changes, as documented by the compensation consultant. The compensation committee also considers the CEO's evaluation of each executive's performance and reviews her salary recommendations for our executives.

Incentive-Based Compensation

For our incentive-based compensation, the compensation committee utilizes a mix of performance metrics and time and tenure. Each type of metric serves a different purpose. The short-term (annual bonus) and the cash (and PSU) component of the long-term incentive awards are performance-based and require achievement of certain financial targets, measured over either one or three years. If the financial metrics are not achieved at a minimum threshold level at the end of the performance period, no payment (or shares) is earned or made. The equity portion of the grants vests ratably over four years. The time-based vesting of the restricted stock units, a comparatively lesser portion of the total long-term incentive awards, is used primarily for retention purposes and to encourage stock ownership by executives, thereby aligning their interests with our stockholders. The stock options vest over time but require improved stock price performance to realize value.

Annual Performance-Based Incentive (Cash Bonus). Annual performance-based cash bonuses are intended to reward achievement of short-term operating goals and financial performance that are incremental to long-term, sustained creation of stockholder value. Our annual bonuses are established with reference to the annual portion of our multi-year strategic plan and, although measured in one-year increments, are designed to tie each year's results into a long-term target. As the Company's business evolves and develops, the long-term targets may be revised with concurrent impact on each year's annual planning. The annual performance metrics are financial-based measures that the compensation committee believes are aligned with our strategic goals described above. 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 is eligible to receive an annual cash bonus based on achievement of certain performance objectives, based on annual EBITDA. The EBITDA 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. The EBITDA goal is intended to be a "stretch" goal, or challenging target, and is meant to encourage superior performance.

The 2017 Plan and the Cash Incentive Plan permit the compensation committee to adjust, in its discretion, EBITDA for non-cash, non-recurring, or unusual items. The compensation committee approves the annual bonus program based on achievement of a predetermined range of minimum threshold, target, and maximum-level EBITDA and approves payout of the bonuses, if any, following review of actual results. Bonuses are based on a percentage of the executive's salary and are set based on market and peer comparisons, and internal equity among other factors. The corresponding dollar payout value varies up or down depending on the actual EBITDA performance level. Bonuses are not payable at all if the minimum threshold of EBITDA is not achieved. The compensation committee sets the EBITDA ranges each year based on performance expectations and other factors. The compensation committee may add or substitute performance measures in future years. The compensation committee may also use various factors to exercise negative discretion when evaluating performance for purposes of awarding annual incentive compensation. Through fiscal year 2017, cash incentive awards were awarded and paid pursuant to the Cash Incentive Plan. Beginning in fiscal year 2018, the Company intends to grant all cash incentive awards, including annual bonus awards, under the 2017 Plan.

In addition, the compensation committee may approve special bonuses on an individual or group basis in recognition of extraordinary achievements, or to address other special situations. No such awards were made in 2017.

Long-Term Performance-Based Incentives. The compensation committee determines the long-term incentive grants for the executive officers, including the named executive officers, by referencing to peer group and market data and analysis from its compensation consultant and recommendations from the CEO. The compensation committee believes that a mix of performance and time-based incentives provides an element of performance risk for executives and encourages equity ownership, thereby aligning the interests of executive officers with our stockholders.

Long-term incentive grants consist of equity awards, typically in the form of restricted stock units and stock options, and a long-term performance-based incentive component (the "LTIP"), payable in cash for participants other than the CEO or CFO or in PSUs in the case of the CEO and CFO. They 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 (including performance targets measured annually over a three-year period) is designed to ensure that the execution of our evolving strategic plan considers appropriate risks and returns and allows for initiatives that span several fiscal years.

Currently, except as described below, the long-term incentive awards for executives consist of an equity component comprised of 40% stock options and 20% restricted stock units (both of which vest ratably over four years), and a 40% LTIP. 2017 was the first year our LTIP component was payable in shares as PSUs for the CEO and CFO. We use stock options to align the interests of our executive officers with stockholders because value is realized only if the stock price appreciates (stock price performance) from the grant date. We use restricted stock units to help retain our executives and further align their interests with our stockholders.

The LTIP component is payable if annual EBITDA or ROIC targets are achieved each year within a three-year performance period. When the performance measure has been met and approved by the compensation committee for a particular fiscal year during the t