

RED ROBIN GOURMET BURGERS INC
Form DEF 14A
April 08, 2014

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[Table of Contents](#)

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

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

RED ROBIN GOURMET BURGERS, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Table of Contents

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 22, 2014**

To our Stockholders:

The annual meeting of stockholders of Red Robin Gourmet Burgers, Inc. will be held at 8:00 a.m. MDT, on Thursday, May 22, 2014, at our Red Robin Innovation Center, located at 10000 E. Geddes Ave., Suite 500, Centennial, Colorado 80122 for the following purposes:

- 1) To elect Robert B. Aiken, Stephen E. Carley, Lloyd L. Hill, Richard J. Howell, Glenn B. Kaufman, Pattye L. Moore, and Stuart I. Oran, 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 Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 28, 2014; 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 carefully review. Our board of directors recommends that you vote **FOR** the board's nominees for director, **FOR** approval of our executive compensation, and **FOR** approval of the independent auditor. Your vote is important.

Stockholders of record at the close of business on April 1, 2014 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 10, 2014.

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:

<https://materials.proxyvote.com/75689M>

We also post our proxy materials on our website at *<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 represented and 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,

Patty L. Moore
Chair of the Board of Directors

Greenwood Village, Colorado
April 8, 2014

Table of Contents

TABLE OF CONTENTS

	Page
<u>PROXY STATEMENT SUMMARY</u>	<u>1</u>
<u>Board Nominees</u>	<u>1</u>
<u>Key Corporate Governance Highlights</u>	<u>2</u>
<u>Executive Compensation Program</u>	<u>2</u>
<u>Pay for Performance</u>	<u>3</u>
<u>2013 Performance Highlights</u>	<u>3</u>
<u>2013 Compensation</u>	<u>4</u>
<u>PROXY STATEMENT</u>	<u>5</u>
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	<u>5</u>
<u>General</u>	<u>5</u>
<u>Selecting Nominees for Director</u>	<u>5</u>
<u>Directors and Nominees</u>	<u>5</u>
<u>Recommendation of the Board of Directors</u>	<u>9</u>
<u>CORPORATE GOVERNANCE AND BOARD MATTERS</u>	<u>10</u>
<u>Governance Principles</u>	<u>10</u>
<u>Executive Development and Management Succession</u>	<u>10</u>
<u>Stockholder Engagement</u>	<u>10</u>
<u>Board Leadership Structure</u>	<u>11</u>
<u>Role in Risk Oversight</u>	<u>11</u>
<u>Board Membership and Director Independence</u>	<u>12</u>
<u>Director Attendance</u>	<u>12</u>
<u>Committees of the Board of Directors</u>	<u>12</u>
<u>Stockholder Submission of Director Nominees</u>	<u>14</u>
<u>Communications with our Board of Directors</u>	<u>15</u>
<u>Certain Relationships and Related Transactions</u>	<u>15</u>
<u>Transactions with Related Persons</u>	<u>15</u>
<u>Review, Approval, or Ratification of Transactions with Related Persons</u>	<u>15</u>
<u>Compensation Committee Interlocks and Insider Participation</u>	<u>16</u>
<u>Director Compensation</u>	<u>16</u>
<u>Annual Retainer</u>	<u>16</u>
<u>Meeting Fees</u>	<u>16</u>
<u>Equity Awards</u>	<u>16</u>
<u>2013 Director Compensation</u>	<u>17</u>
<u>Director Stock Ownership Guidelines</u>	<u>17</u>
<u>Indemnification of Directors</u>	<u>18</u>
<u>STOCK OWNERSHIP INFORMATION</u>	<u>19</u>
<u>Stock Ownership of Certain Beneficial Owners</u>	<u>19</u>
<u>Stock Ownership of Directors and Management</u>	<u>19</u>
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	<u>22</u>
<u>Overview</u>	<u>22</u>
<u>2013 Performance</u>	<u>23</u>
<u>Executive Compensation Decision-making</u>	<u>25</u>
<u>Pay for Performance Alignment</u>	<u>26</u>
<u>Benchmarking</u>	<u>27</u>
<u>Independent Compensation Consultant</u>	<u>28</u>
<u>Risk Mitigation</u>	<u>28</u>
<u>Say on Pay Vote Results</u>	<u>29</u>
<u>Key Components of our Executive Compensation Program</u>	<u>29</u>

Table of Contents

	Page
<u>Base Salary</u>	<u>29</u>
<u>Incentive-Based Compensation</u>	<u>29</u>
<u>Modest Perquisites</u>	<u>30</u>
<u>Summary of 2013 Compensation Activity</u>	<u>31</u>
<u>Base Salary</u>	<u>31</u>
<u>Incentive-Based Compensation</u>	<u>31</u>
<u>2014 Compensation Program</u>	<u>35</u>
<u>Deductibility of Executive Compensation</u>	<u>35</u>
<u>Executive Compensation Policies and Guidelines</u>	<u>36</u>
<u>Executive Employment Agreements</u>	<u>36</u>
<u>Executive Stock Ownership Guidelines</u>	<u>36</u>
<u>Compensation Clawback Policy</u>	<u>36</u>
<u>Pledging and Hedging Transactions in Company Securities</u>	<u>37</u>
<u>Compensation Committee Report</u>	<u>37</u>
<u>2013 Executive Compensation Tables</u>	<u>38</u>
<u>Summary Compensation Table</u>	<u>38</u>
<u>Grants of Plan-Based Awards</u>	<u>40</u>
<u>Outstanding Equity Awards at 2013 Fiscal Year-End</u>	<u>41</u>
<u>Options Exercises and Stock Vested</u>	<u>42</u>
<u>Non-qualified Deferred Compensation</u>	<u>43</u>
<u>Equity Compensation Plan Information</u>	<u>44</u>
<u>Employment Agreements and Change in Control Arrangements</u>	<u>45</u>
<u>Executive Employment Agreements</u>	<u>45</u>
<u>Change in Control Agreements</u>	<u>47</u>
<u>Incentive Plans</u>	<u>48</u>
<u>Potential Payments upon Termination or Change in Control</u>	<u>49</u>
<u>PROPOSAL 2 ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>	<u>51</u>
<u>Advisory Vote</u>	<u>51</u>
<u>Recommendation of the Board of Directors</u>	<u>52</u>
<u>PROPOSAL 3 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	<u>52</u>
<u>Principal Accountant Fees and Services</u>	<u>53</u>
<u>Audit Fees</u>	<u>53</u>
<u>Audit-Related Fees</u>	<u>53</u>
<u>Tax Fees</u>	<u>53</u>
<u>All Other Fees</u>	<u>53</u>
<u>Audit Committee's Pre-Approval Policies and Procedures</u>	<u>53</u>
<u>Recommendation of the Board of Directors</u>	<u>54</u>
<u>AUDIT COMMITTEE REPORT</u>	<u>55</u>
<u>VOTING PROCEDURES</u>	<u>56</u>
<u>ADDITIONAL INFORMATION</u>	<u>59</u>
<u>ANNUAL REPORT ON FORM 10-K</u>	<u>60</u>

Table of Contents**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 2014 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 Thursday, May 22, 2014
Location: Red Robin Innovation Center
 10000 E. Geddes Ave., Suite 500
 Centennial, Colorado 80122
Record Date: April 1, 2014

Proposals and Board Voting Recommendations

Proposal	Board's Voting Recommendation	Page References (for more detail)
1 Election of Directors	FOR EACH NOMINEE	5
2 Advisory Vote to Approve Executive Compensation	FOR	51
3 Ratification of Independent Auditor	FOR	52

Stockholders may also vote on such other matters as may properly come before the meeting or any postponement or adjournment thereof. With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by the board of directors or, if no recommendation is given, in their own discretion.

Director Nominees (Proposal No. 1)**Board Nominees**

Name	Age	Director Since	Principal Occupation	Independent	Current Committee Assignments
Robert B. Aiken	51	2010	CEO, Feeding America	X	*NGC, FC
Stephen E. Carley	61	2010	CEO, Red Robin		
Lloyd L. Hill	70	2010	Former CEO, Applebee's	X	*CC, AC
Richard J. Howell	71	2005	Former Partner, Arthur Andersen	X	*AC, CC
Glenn B. Kaufman	46	2010	Managing Member, D Cubed Group investment firm	X	*FC, NGC
Pattye L. Moore	56	2007	Consultant; former President and Director, Sonic Corp.	X	(C), AC, CC
Stuart I. Oran	63	2010		X	FC, NGC

Managing Member, Roxbury Capital
Group LLC merchant banking firm

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

Table of Contents

In 2014, all seven of our continuing directors are standing for re-election. Directors are elected by a majority of votes cast. See "PROPOSAL 1 ELECTION OF DIRECTORS Directors and Nominees" on page 5 of this proxy statement for more information about our directors and nominees.

In 2013, each director attended at least 75% of the aggregate number of board and applicable committee meetings.

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 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 commencing with the 2014 annual stockholders meeting.

Independent chair of the board of directors.

All director nominees are independent other than our CEO.

All committee members are independent.

Frequent engagement by management with institutional investors.

Majority voting standard for uncontested director elections.

Annual review of our succession plan and talent development plan.

Limits on outside board service.

Advisory Vote to Approve 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 that the Company's executive compensation program is designed to link incentives and rewards for our executives to the achievement of specific, sustainable financial and strategic goals, which are expected to result in increased stockholder value. In 2013, our advisory vote proposal was supported by approximately 99.4% of the votes cast. Highlights of our executive compensation program, pay for performance compensation structure, 2013 performance, and 2013 compensation are set forth below. Please see "Compensation Discussion and Analysis" beginning on page 22 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:

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

Pay for performance focused executive compensation structure, with a significant portion of executive pay "at-risk."

Fully independent compensation committee advised by an independent compensation consultant.

No new excise tax gross ups.

Double trigger or attainment of performance targets required for equity vesting upon change in control.

No repricing of underwater options without stockholder approval.

Table of Contents

Meaningful stock ownership guidelines for executives and board members.

Clawback policy for the return of certain incentive compensation received by executives.

Few perquisites offered to our executives.

Practice of prohibiting hedging and pledging of shares by our executive officers and directors.

Pay for Performance

Our compensation program is designed to pay our executives for performance. Our short-term annual cash incentive program uses performance targets primarily based on annual EBITDA (earnings before interest, taxes, depreciation, and amortization) goals that are set with reference to our five-year business strategy. Long-term incentive compensation is based on achievement of financial goals designed to demonstrate sustained improvement over multi-year periods, and time vesting designed to reward executive retention. The cash portion of our long-term incentive awards is measured over a three-year performance period based on both EBITDA and ROIC (return on invested capital) metrics. Restricted stock units and options 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. Our 2013 performance was driven by strong operating results from the implementation of our aggressive strategic plan, begun in 2011. Our strategic plan is designed to drive performance through top-line growth in sales and increased guest traffic, and lays the foundation for scalable and sustainable long-term growth, profitability, and increased stockholder value.

2013 Performance Highlights

Our 2013 performance continued to be strong. Highlights are set forth below. Note that our 2013 fiscal year contained 52 operating weeks compared to 53 weeks for fiscal year 2012.

Annual revenues exceeded \$1.0 billion in 2013, an increase of 4.1% over total revenues for fiscal year 2012.

Restaurant revenue grew by 4.1% in 2013.

Diluted earnings per share (EPS) grew by 15% for the 2013 full fiscal year over fiscal year 2012.

Our stock price more than doubled during 2013, beginning the year around \$35 per share and ending the year around \$75 per share.

We significantly outperformed the casual dining industry in guest traffic for the full year by approximately 240 basis points, as reported by Black Box Intelligence, a financial benchmarking report for the restaurant industry.

We added 21 new Red Robin® restaurants and one new Red Robin's Burger Works® to our restaurant base in 2013.

We repurchased \$5 million of our common stock during the year under our stock repurchase program, thereby using excess cash to benefit our stockholders.

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

We continue to make progress strengthening the fundamentals of our business and improving our performance. We have identified and continue to examine opportunities that will:

drive strong financial performance through increasing guest traffic and revenue,

improve operational efficiencies and expense management, and

expand our restaurant base.

Table of Contents**2013 Compensation**

The table below sets forth the 2013 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 (\$)
Stephen E. Carley, Chief Executive Officer	735,578	650,000	299,959	599,998	1,352,231	15,558	3,653,324
Stuart B. Brown, SVP & Chief Financial Officer	350,135	280,000	79,975	159,999	479,603	11,207	1,360,919
Eric C. Houseman, President & Chief Operating Officer	412,159	169,000	71,982	144,002	596,773	11,360	1,405,276
Todd A. Brighton, SVP & Chief Development Officer	334,363	169,000	62,979	125,999	402,187	11,608	1,106,136
Denny Marie Post, SVP & Chief Marketing Officer	385,147	280,000	62,979	125,999	493,897	186,928	1,534,950