

MERULLO ROBERT
Form 4
August 22, 2006

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
MERULLO ROBERT

2. Issuer Name and Ticker or Trading Symbol
RED ROBIN GOURMET BURGERS INC [RRGB]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
6312 S. FIDDLER'S GREEN
CIRCLE, SUITE 200 NORTH

3. Date of Earliest Transaction (Month/Day/Year)
08/18/2006

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Senior VP of Restaurant Ops

(Street)
GREENWOOD
VILLAGE, CO 80111

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V Amount (D) Price			
				(A) or (D)	(1) (2) (3) (4)		
Common Stock	08/18/2006		J(1)	19,100 D	67,275 (5)	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Pr Deriv Secur (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Variable Prepaid Forward Contract (1) (6)	(1) (2) (3) (4)	08/18/2006		J(1)	20,000	(1)	(1)	Common Stock	20,000 (1) (6)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MERULLO ROBERT 6312 S. FIDDLER'S GREEN CIRCLE SUITE 200 NORTH GREENWOOD VILLAGE, CO 80111			Senior VP of Restaurant Ops	

Signatures

Attorney-in-Fact/John W. Grant
08/22/2006
**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) On August 18, 2006, the reporting person settled his obligation to deliver shares of common stock of the Issuer (the "Common Stock") or an equivalent amount of cash (if elected by him) pursuant to a variable prepaid forward contract (the "Contract") entered into on or about June 16, 2005 with an unaffiliated third party buyer. The Contract obligated the reporting person to deliver to the buyer up to 20,000 shares of Common Stock on or before June 16, 2008 (the "Maturity Date"). In exchange for assuming this obligation, the reporting person received a cash payment of \$1,013,147.20 as of the date entering into the Contract. The reporting person pledged 20,000 shares of Common Stock to secure his obligation under the Contract, and retained voting rights in the pledged shares during the period of the pledge. The maximum number of shares to be delivered pursuant to the Contract is 20,000, and the minimum number of shares to be delivered is 16,667.
- (2) The Contract provided that the number of shares (or equivalent amount of cash) deliverable by the reporting person on the Maturity Date would be determined as set forth in footnote (3) below, on the basis of the share price of the Common Stock, subject to adjustments for events specified in the Contract.
- (3) The Contract set a Floor Price of \$58.16 and a Cap Price of \$69.792. On the Maturity Date the reporting person was required to deliver a number of shares of Common Stock determined as follows (the Final Price being the price per share at which the reporting person is able

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to execute transactions eliminating his hedge position in respect of the transaction): (a) if the Final Price is less than the Floor Price, the entire number of shares to which the contract relates ("Number of Shares"); (b) if the Final Price is less than or equal to the Cap Price and greater than or equal to the Floor Price, a number of shares equal to the Floor Price, divided by the Final Price and the result multiplied by the Number of Shares; and (c) if the Final Price is greater than the Cap Price, a number of shares equal to: Floor Price + (Final Price + Cap Price) x Number of Shares/ Final Price.

- The closing price of the Common Stock on August 18, 2006 was \$41.77. In accordance with the terms of the Contract, the reporting
- (4) person settled his obligation by delivering to the buyer 19,100 shares of Common Stock, having a value of \$797,807, and retained ownership of the remaining 900 pledged shares.
 - (5) This amount includes 50,000 shares subject to an additional variable prepaid forward contract entered into on or about August 27, 2004 with an unaffiliated third party buyer.
 - (6) The reporting person has also pledged 50,000 shares of Common Stock to secure his obligation under a separate variable pre-paid forward entered into on or about August 27, 2004 with an unaffiliated third party buyer.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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