Table of Contents

As filed with the Securities and Exchange Commission on July 12, 2005

Registration No. 333-124285

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

AMENDMENT NO. 3
TO
FORM S-1
REGISTRATION STATEMENT
Under
The Securities Act of 1933

RUTH'S CHRIS STEAK HOUSE, INC.
(Exact name of registrant as specified in its charter)

Delaware	**5812**	**72-1060618**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

3321 Hessmer Avenue
Metairie, Louisiana 70002
(504) 454-6560
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Craig S. Miller
President and Chief Executive Officer
3321 Hessmer Avenue
Metairie, Louisiana 70002
(504) 454-6560
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications, including communications sent to agent for service, should be sent to:

James S. Rowe
Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, Illinois 60601
Telephone: (312) 861-2000
Telecopy: (312) 861-2200

Christopher C. Paci
Michael J. Schiavone
Shearman & Sterling LLP
599 Lexington Avenue
New York, New York 10022
Telephone: (212) 848-4000
Telecopy: (212) 844-7179

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: ☐

If this Form is filed to registered additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ☐

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JULY 12, 2005

Prospectus

11,430,000 Shares

RUTH'S CHRIS STEAK HOUSE, INC.

Common Stock

Ruth's Chris Steak House, Inc. and the selling stockholders named in this prospectus under "Principal and Selling Stockholders" are offering 9,375,000 shares and 2,055,000 shares, respectively, of common stock. This is our initial public offering and no public market currently exists for our shares. We will not receive any of the proceeds from shares sold by any selling stockholder. We anticipate that the initial public offering price for our shares will be between $15.00 and $17.00 per share.

Our common stock has been approved for listing on The Nasdaq National Market under the symbol "RUTH."

Investing in our common stock involves a high degree of risk. See " Risk Factors" beginning on page 8 of this prospectus.

	Per Share	Total
Offering price	$	$
Discounts and commissions to underwriters	$	$
Offering proceeds to Ruth's Chris Steak House, Inc., before expenses	$	$
Offering proceeds to the selling stockholders	$	$

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

Affiliates of Madison Dearborn Partners, LLC have granted the underwriters the right to purchase up to 1,714,500 additional shares of common stock to cover any over-allotments. The underwriters can exercise this right at any time within 30 days after the offering. The underwriters expect to deliver the shares of common stock to investors on or about , 2005.

Banc of America Securities LLC **Wachovia Securities**

Goldman, Sachs & Co.

RBC Capital Markets

CIBC World Markets

SG Cowen & Co.

Piper Jaffray

The date of this prospectus is , 2005

You should rely only on the information contained in this prospectus. We and the selling stockholders have not, and the underwriters have not, authorized anyone to provide you with different information. We and the selling stockholders are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus is accurate as of the date on the front of this prospectus only. Our business, financial condition, results of operations and prospects may have changed since that date.

"Ruth's Chris," "U.S. Prime," "Home of Serious Steaks" and our "Ruth's Chris Steak House, U.S. Prime" logo are our primary registered trademarks.

TABLE OF CONTENTS

SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before investing in our common stock. You should read this entire prospectus carefully, including the section entitled "Risk Factors" and the consolidated financial statements and accompanying notes included elsewhere in this prospectus, before making an investment decision.

Our Company

We believe that we are the largest upscale steakhouse company in the United States, based on total company- and franchisee-owned restaurants as published by *Nation's Restaurant News* in a July 2004 survey. Our menu features a broad selection of high quality USDA Prime grade steaks and other premium offerings served in Ruth's Chris' signature fashion—"sizzling" and topped with seasoned butter—complemented by other traditional menu items inspired by our New Orleans heritage. Our restaurants reflect our 40-year commitment to the core values instilled by our founder, Ruth Fertel, of caring for our customers, whom we call our guests, by delivering the highest quality food, beverages and service in a warm and inviting atmosphere.

We believe that we offer a dining experience that appeals to families and special occasion diners, in addition to the business clientele traditionally served by upscale steakhouses. We believe this broad appeal provides us with opportunities to expand into a wide range of markets, including many markets not traditionally served by upscale steakhouses. There are currently 88 Ruth's Chris restaurants, of which 39 are company-owned and 49 are franchisee-owned, including ten international franchisee-owned restaurants in Mexico, Hong Kong, Taiwan and Canada. In fiscal 2004, we had total revenues of $192.2 million and operating income of $23.3 million, representing increases from fiscal 2003 of 14.6% and 50.6%, respectively. In the first quarter of fiscal 2005, we had total revenues of $56.7 million and operating income of $9.6 million, representing increases from the first quarter of fiscal 2004 of 13.5% and 37.1%, respectively. Our net income during fiscal 2004 and the first quarter of fiscal 2005 was $2.4 million and $2.3 million, respectively. For additional information concerning our recent financial results, see "—Summary Historical Financial and Operating Data" beginning on page 6 of this prospectus.

Our Strengths

We believe that the key strengths of our business model are the following:

Premier Upscale Steakhouse Brand. We believe that Ruth's Chris is currently one of the strongest brands in the fine dining segment of the restaurant industry. We and our restaurants have received numerous awards, including being named "America's Best Steakhouse" in September 2004 by *Restaurants & Institutions* magazine.

Superior Dining Experience. We seek to exceed our guests' expectations by offering high-quality food with courteous, friendly service in the finest tradition of Southern hospitality. Our entire restaurant staff is dedicated to ensuring that our guests enjoy a superior dining experience, and our team-based approach to table service is designed to enhance the frequency of guest contact and speed of service without intruding on the guest experience.

Broad Appeal. We believe that the combination of our high quality food offerings, friendly and attentive service and warm and inviting atmosphere creates a dining experience that appeals to a wide range of guests. In addition, we believe that the diversity of our customer base reduces our exposure to fluctuations in the spending habits of any particular group of guests.

Attractive Unit Economics. We believe that we have successfully operated restaurants in a wide range of markets and achieved attractive rates of return on our invested capital. We believe that this historical success

provides us with negotiating leverage during the initial phase of new restaurant construction, and has permitted us to open new restaurants at what we believe to be favorable levels of investment. Our four newest company-owned restaurants generated average unit volumes in excess of $5.0 million in fiscal 2004 and $1.4 million in the first quarter of fiscal 2005, compared to average unit volumes of $4.7 million in fiscal 2004 and $1.4 million in the first quarter of fiscal 2005 for our entire existing company-owned restaurant base. In addition, each of our existing company-owned restaurants generated positive cash flow in each of fiscal 2004 and the first quarter of fiscal 2005.

Experienced, Committed Management Team. The members of our senior management team average nearly 20 years of restaurant industry experience. Our management team has a meaningful equity ownership stake in our company and is committed to growing our business by building on the core strengths of our business model. Following this offering, our management team will collectively own, through restricted stock and options subject to vesting, approximately 8.5% of our common stock on a fully diluted basis.

Our Strategy

We believe there are significant opportunities to grow our business, strengthen our competitive position and enhance our brand through the continued implementation of the following strategies:

Improve Profitability. We intend to improve profitability by continuing to:

- streamline food preparation and presentation;
- emphasize wine sales;
- enhance brand awareness through increased national, regional and local marketing;
- develop innovative marketing programs; and
- focus on table utilization and efficiency to reduce guest wait time and increase table availability.

These operating initiatives have helped us to increase our comparable restaurant sales in each of the last eight quarters, including increases of between 10% and 13% in each fiscal quarter since the beginning of fiscal 2004, and to expand our operating margins from 9.2% in fiscal 2003 to 12.1% in fiscal 2004 and from 14.1% in the first quarter of fiscal 2004 to 17.0% in the first quarter of fiscal 2005.

Expand Restaurant Base. We believe that the 50 most populous markets in the United States could support an additional 75 to 100 company-owned and franchisee-owned Ruth’s Chris restaurants and that there is potential for an additional 25 to 50 Ruth’s Chris restaurants in smaller markets in the United States. We currently expect to open five to six company-owned restaurants in each of the next several years. In addition, we expect new and existing franchisees to open three to four Ruth’s Chris restaurants in 2005, including two that have already opened, and approximately five to six Ruth’s Chris restaurants in each of the next several years.

Expand Relationships with New and Existing Franchisees. We intend to grow our franchising business by developing relationships with a limited number of new franchisees and by expanding the rights of existing franchisees to open new restaurants. We also intend to continue to focus on providing operational guidance to our franchisees, including the sharing of “best practices” from our company-owned restaurants.

Equity Sponsor

Madison Dearborn Partners, LLC is a leading private equity investment firm based in Chicago, Illinois. Madison Dearborn has approximately $8 billion of capital under management through limited partnerships of

which it is the general partner and affiliated limited partnerships. Madison Dearborn will continue to share with us the benefit of its experience as an investor in the restaurant sector, both as our principal stockholder and through the continued service of a Madison Dearborn representative as the chairman of our board of directors. In addition to its investment in us, Madison Dearborn has investments in Carrols Corporation, the largest Burger King franchisee in the world and the parent company of Pollo Tropical and Taco Cabana, and Peter Piper, a leading regional chain of pizza restaurants. Immediately following the completion of this offering, Madison Dearborn will own approximately 40.9% of our common stock, or 33.2% of our common stock if the underwriters' over-allotment option is exercised in full.

The Recapitalization

Our authorized capital stock currently consists of 1,000,000 shares of Class A common stock, par value $0.01 per share, 50,000 shares of nonvoting Class B common stock, par value $0.01 per share, 58,000 shares of mandatorily redeemable Series A senior cumulative preferred stock, par value $0.01 per share ("Senior Preferred Stock"), and 92,000 shares of Series B junior cumulative preferred stock, par value $0.01 per share ("Junior Preferred Stock"). As of March 27, 2005, after giving effect to a proposed 20.75281-for-1 stock split, there were 11,543,889 shares of Class A common stock, no shares of Class B common stock, 11,162 shares of Senior Preferred Stock and 73,959 shares of Junior Preferred Stock outstanding. In addition, as of March 27, 2005, there were warrants to purchase 640,224 shares of our Class A common stock and 853,633 shares of our Class B common stock outstanding.

Prior to the completion of this offering, we will amend and restate our certificate of incorporation, which amendment and restatement we refer to as the "Recapitalization," to (1) reclassify our Class A common stock as common stock, (2) increase the authorized number of shares of our common stock to 100,000,000 and (3) authorize shares of a new class of undesignated preferred stock. After the Recapitalization, our authorized capital stock will consist of 100,000,000 shares of common stock, 1,000,000 shares of Class B common stock and 10,150,000 shares of preferred stock.

In connection with the offering, we expect that all outstanding warrants will be exercised and all shares of Class B common stock received upon the exercise of warrants to purchase Class B common stock will be converted into shares of our common stock. We expect that all of the shares of common stock received upon such conversion will be offered and sold in this offering. We also intend to use a portion of the net proceeds from this offering to redeem all of our outstanding Senior Preferred Stock and redeem or repurchase all of our Junior Preferred Stock. After giving effect to the Recapitalization and this offering and our intended application of the net proceeds to us therefrom as set forth in "Use of Proceeds," as well as the exercise of the warrants and the conversion into common stock of all shares of Class B common stock issued upon exercise of warrants, there will be 22,412,746 shares of common stock and no shares of Class B common stock or preferred stock outstanding. We do not expect to issue any shares of Class B common stock, Senior Preferred Stock or Junior Preferred Stock following this offering. See "Description of Capital Stock."

Our new senior credit facilities require us to use at least 50% of the net proceeds from all equity offerings, including this offering, to repay indebtedness under these facilities. Accordingly, we need to obtain the consent of the lenders under our new senior credit facilities to use the net proceeds from this offering in the manner described above, which consent we are currently seeking. If we are unable to obtain the required consents, we will use 50% of the net proceeds from this offering to repay indebtedness under our new senior credit facilities and use the remaining net proceeds to redeem all of our outstanding Senior Preferred Stock and repurchase a portion of our outstanding Junior Preferred Stock. In this case, Junior Preferred Stock with a liquidation value of approximately $19.2 million will remain outstanding upon completion of the offering.

Risk Factors

You should carefully consider the information under the heading “Risk Factors” and all other information in this prospectus before investing in our common stock.

Recent Developments

Recent Operating Results. For the second quarter of fiscal 2005, our restaurant sales were $49.9 million, representing a 10.8% increase over the second quarter of fiscal 2004, and our comparable restaurant sales increased approximately 10.3% in the second quarter of fiscal 2005 over the second quarter of fiscal 2004.

Our Fiscal Year and Other Information

We operate on a 52- or 53-week year ending on the last Sunday of each calendar year. Our 2000, 2001, 2002, 2003 and 2004 fiscal years ended on December 31, 2000, December 30, 2001, December 29, 2002, December 28, 2003 and December 26, 2004, respectively. Fiscal years are identified in this prospectus according to the calendar year that they most accurately represent. For example, the fiscal year ended December 26, 2004 is referred to in this prospectus as “fiscal 2004” or “fiscal year 2004.” Our first quarter of fiscal 2004 ended on March 28, 2004 and our first quarter of fiscal 2005 ended on March 27, 2005.

Unless otherwise noted, all information in this prospectus:

- gives effect to the Recapitalization;
- gives effect to a 20.75281-for-1 stock split that we intend to effect prior to the completion of this offering;
- assumes an initial public offering price of $16.00 per share, the midpoint of the range set forth on the cover of this prospectus;
- gives effect to the exercise of all outstanding warrants and the conversion into common stock of all shares of Class B common stock issued upon exercise; and
- assumes no exercise of the underwriters’ over-allotment option.

On May 19, 2005, we reincorporated in Delaware by merging Ruth’s Chris Steak House, Inc., a Louisiana corporation, into a newly formed Delaware subsidiary. Reference in this prospectus to “the Company,” “we,” “us” and “our” means Ruth’s Chris Steak House, Inc., a Delaware corporation, and our predecessor, Ruth’s Chris Steak House, Inc., a Louisiana corporation, collectively.

Our principal executive offices are located at 3321 Hessmer Avenue, Metairie, Louisiana 70002. The telephone number for our principal executive offices is (504) 454-6560. Our internet address is www.ruthschris.com. This internet address is provided for informational purposes only. The information contained in, or that can be accessed through, this internet address is not a part of this prospectus.

The Offering

Common stock offered by us	9,375,000 shares
Common stock offered by the selling stockholders	2,055,000 shares
Common stock outstanding after this offering	22,412,746 shares
Common stock subject to the over-allotment option granted to the underwriters by affiliates of Madison Dearborn	1,714,500 shares
Use of Proceeds	We estimate that we will receive net proceeds of approximately $136.9 million from our sale of shares of common stock in this offering, based upon an assumed initial public offering price of $16.00 per share (the midpoint of the price range set forth on the cover page of this prospectus) and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds of this offering as follows: (1) approximately $11.7 million to redeem all of our outstanding Senior Preferred Stock, all of which is held by Wachovia Investors, Inc., an affiliate of Wachovia Capital Markets, LLC, (2) approximately $75.9 million to redeem or repurchase all of our outstanding Junior Preferred Stock, approximately 88.2% of which is held by affiliates of Madison Dearborn and (3) approximately $49.3 million to repay a portion of the outstanding indebtedness under our new senior credit facilities. Our new senior credit facilities require us to use at least 50% of the net proceeds from all equity offerings, including this offering, to repay indebtedness under these facilities. Accordingly, we need to obtain the consent of the lenders under our new senior credit facilities to use the net proceeds from this offering in the manner described above, which consent we are currently seeking. If we are unable to obtain the required consents, we will use 50% of the net proceeds from this offering to repay indebtedness under our new senior credit facilities and use the remaining net proceeds to redeem all of our outstanding Senior Preferred Stock and repurchase a portion of our outstanding Junior Preferred Stock. See “Use of Proceeds” and “Certain Relationships and Related Transactions.” We will not receive any of the proceeds from the selling stockholders’ sale of 2,055,000 shares of common stock in this offering, nor will we receive any proceeds from the sale of shares by affiliates of Madison Dearborn pursuant to the option they have granted to the underwriters to purchase from them up to 1,714,500 shares of common stock to cover over-allotments, if any.
Nasdaq Stock Market symbol	“RUTH”

The number of shares of our common stock to be outstanding immediately after this offering excludes:

- 1,212,221 shares of our common stock issuable upon the exercise of outstanding stock options at an exercise price of approximately $0.48 per share;
- 350,000 shares of our common stock issuable upon the exercise of options to be issued in connection with this offering under our 2005 Long-Term Equity Incentive Plan at an exercise price equal to the initial public offering price for our common stock in this offering; and
- 2,012,500 shares of our common stock reserved for future issuance under our 2005 Long-Term Equity Incentive Plan.

Summary Historical Financial and Operating Data

The summary historical income statement data for the fiscal years ended December 29, 2002, December 28, 2003 and December 26, 2004 and the historical balance sheet data as of December 26, 2004 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary historical income statement data for the first quarters of fiscal 2004 and fiscal 2005 and the historical and as adjusted balance sheet data as of March 27, 2005 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The summary as adjusted balance sheet data and unaudited pro forma income (loss) per share information give effect to this offering and the application of the proceeds therefrom as described in "Use of Proceeds." The following data should be read in conjunction with "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the accompanying notes included elsewhere in this prospectus.

	Fiscal Year			Fiscal First Quarter	
	2002	2003	2004	2004	2005
	($ in thousands, except per share data)			(unaudited)	
Income Statement Data:					
Total revenues	$ 153,583	$ 167,780	$ 192,197	$ 49,906	$ 56,653
Depreciation and amortization	6,033	6,782	6,469	1,644	1,617
Other costs and expenses	132,376	145,508	162,400	41,255	45,402
Operating income	15,174	15,490	23,328	7,007	9,634
Interest expense, net	9,568	9,519	10,320	2,954	4,134
Accrued dividends and accretion on mandatorily redeemable senior preferred stock	—	2,243	5,071	1,194	1,188
Other income (expense)	1,044	512	(841)(1)	71	38
Income tax expense	428	1,344	735	304	1,551
Income from continuing operations	6,222	2,896	6,361	2,930	2,799
Discontinued operations, net of income tax benefit	538	1,648	3,919	168	508
Net income	$ 5,684	$ 1,248	$ 2,442	$ 2,458	$ 2,291
Less dividends earned on mandatorily redeemable senior preferred stock and accretion of discount	4,777	2,135	—	—	—
Less dividends earned on junior preferred stock	5,713	4,975	5,373	1,317	1,422
Net income (loss) available to common shareholders	$ (4,806)	$ (5,862)	$ (2,931)	$ 1,141	$ 869
Basic earnings (loss) per share: (2)					
Continuing operations	$ (0.36)	$ (0.36)	$ 0.08	$ 0.11	$ 0.11
Discontinued operations	(0.05)	(0.14)	(0.33)	(0.01)	(0.04)
Basic earnings (loss) per share	$ (0.41)	$ (0.50)	$ (0.25)	$ 0.10	$ 0.07
Diluted earnings (loss) per share: (2)					
Continuing operations	$ (0.36)	$ (0.36)	$ 0.08	$ 0.11	$ 0.10
Discontinued operations	(0.05)	(0.14)	(0.33)	(0.01)	(0.04)
Diluted earnings (loss) per share	$ (0.41)	$ (0.50)	$ (0.25)	$ 0.10	$ 0.06
Shares used in computing net income (loss) per common share: (2)					
Basic	11,746,868	11,746,868	11,917,093	11,746,868	13,037,746
Diluted	11,746,868	11,746,868	11,917,093	11,746,868	14,213,459

	Fiscal Year			First Fiscal Quarter	
	2002	2003	2004	2004	2005
				(unaudited)	
Supplemental pro forma basic earnings (loss) per share:(3)					
Continuing operations			$ 0.05		$ 0.06
Discontinued operations			(0.19)		(0.02)
Basic earnings (loss) per share			$ (0.14)		$ 0.04
Supplemental pro forma diluted earnings (loss) per share:(3)					
Continuing operations			$ 0.05		$ 0.06
Discontinued operations			(0.19)		(0.02)
Diluted earnings (loss) per share			$ (0.14)		$ 0.04
Shares used in computing supplemental pro forma earnings (loss) per share:(3)					
Basic			21,292,093		22,412,746
Diluted			21,292,093		23,588,459

	As of March 27, 2005	
	Actual	As Adjusted
	(unaudited) (dollars in thousands)	
Balance Sheet Data:		
Cash and cash equivalents	$ 2,054	$ 2,054
Total assets	109,807	109,807
Long-term debt	105,000	55,734
Mandatorily redeemable senior preferred stock	11,045	—
Total shareholders' equity (deficit)	(49,222)	11,089

	Fiscal Year			Fiscal First Quarter	
	2002	2003	2004	2004	2005
Other Data:	(dollars in thousands)			(unaudited)	
Average company-owned unit volumes(4)	$ 4,257	$ 4,236	$ 4,710	$ 1,222	$ 1,394
Comparable company-owned restaurant sales growth(5)	(3.5)%	1.4%	11.6%	11.9%	11.9%

(1) Other income (expense) in fiscal 2004 includes a $1.3 million charge related to the settlement of a labor dispute in California.
(2) In calculating shares of our common stock outstanding, we give retroactive effect to a 20.75281-for-1 stock split that we intend to effect prior to the completion of this offering.
(3) Unaudited supplemental pro forma earnings (loss) per share also includes 9,375,000 shares to be issued in the offering, which represents the shares attributable to the amount of net proceeds that would be sufficient to redeem our mandatorily redeemable preferred stock and our junior preferred stock, with the remainder used as a reduction of long-term debt. See "Use of Proceeds."
(4) Average unit volumes represents average restaurant sales for restaurants in operation for not less than twelve months prior to the beginning of the period being measured.
(5) Comparable company-owned restaurant sales growth represents the change in year-over-year or quarter-over-quarter, as applicable, sales for the comparable restaurant base. We define the comparable restaurant base to be those company-owned restaurants in operation for not less than twelve months prior to the beginning of the fiscal year including the period being measured.

RISK FACTORS

Before you invest in our common stock you should carefully consider the various risks of the investment, including those described below, together with all of the other information included in this prospectus. If any of these risks actually occur, our business, financial condition or operating results could be adversely affected. In that case, the trading price of our common stock could decline and you could lose all or part of your investment.

Risks Related to Our Business

The restaurant industry in general and the fine dining segment in particular are vulnerable to fluctuations in economic conditions, including volatility in levels of consumer discretionary spending.

A significant deterioration in economic conditions in any of our markets would reduce guest traffic or require us to lower our prices, either of which would reduce our total revenues and operating income. For example, our total revenues fell 4.9% and 0.1% in fiscal 2001 and fiscal 2002, respectively, which were years of declining discretionary consumer spending in the United States due in part to the September 11, 2001 attacks. Any similar changes in economic conditions would affect our ability to attract guests or price our menu items at favorable levels, which would result in significant reductions in revenue and/or operating income.

Competitive conditions, consumer tastes and unexpected operating expenses could adversely affect the profitability of restaurants that we open in new markets.

Our growth strategy includes opening restaurants in markets where we have little or no meaningful operating experience and in which our brand may not be well-known. Competitive conditions, consumer tastes and discretionary spending patterns in these new markets may differ from those in our existing markets. We may be unable to generate similar acceptance of the Ruth's Chris Steak House brand due to these factors, which may require us to incur significant additional promotion costs in order to increase restaurant sales at these locations. Our ability to operate new restaurants profitably will depend on numerous factors, some of which are beyond our control, including, but not limited to, the following:

- locating and securing suitable new restaurant sites on acceptable lease terms;
- construction and development costs;
- obtaining adequate construction financing;
- securing governmental approvals and permits, including liquor licenses;
- hiring, training and retaining skilled management, chefs and other personnel;
- successfully promoting our new restaurants and competing in the markets in which our new restaurants are located; and
- general economic conditions and conditions specific to the restaurant industry.

Any one of these factors could preclude us from operating our new restaurants successfully, which could adversely affect our growth and profitability.

Our growth may strain our infrastructure and resources, which could delay the opening of new restaurants and adversely affect our ability to manage our existing restaurants.

Following this offering, we plan to accelerate the pace of new restaurant growth. This growth will place increased demands on management resources as well as our human resources, purchasing and site management teams. Our planned growth in franchisee-owned restaurants will also require additional infrastructure for the development and maintenance of franchise relationships, as well as for the monitoring of those restaurants. In addition, if our current restaurant management systems, financial and management controls and information

systems are insufficient to support this expansion, our ability to open new restaurants and to manage our existing restaurants would be adversely affected. If we fail to continue to improve our infrastructure, we may be unable to implement our growth strategy and/or maintain current levels of operating performance in our existing restaurants.

Negative publicity surrounding our restaurants or the consumption of beef generally, or shifts in consumer tastes, could reduce sales in one or more of our restaurants and make our brand less valuable.

Our success depends, in large part, upon the popularity of our menu offerings. Negative publicity resulting from poor food quality, illness, injury or other health concerns, whether related to one of our restaurants or to the beef industry in general, or operating problems related to one or more restaurants, could make our menu offerings less appealing to consumers. In addition, any other shifts in consumer preferences away from the kinds of food we offer, particularly beef, whether because of dietary or other health concerns or otherwise, would make our restaurants less appealing and adversely affect our revenues.

Negative publicity related to instances of BSE, or "mad cow" disease, or other diseases in U.S. cattle could result in reduced demand for our menu offerings.

In June 2005, the United States Department of Agriculture announced that a domestically-bred cow had tested positive for Bovine Spongiform Encephalopathy, or BSE. It is unclear what impact, if any, this announcement will have on demand for our menu offerings. Any negative publicity related to this announcement, or any future cases of BSE in U.S. cattle, or any further spread of BSE to include meat that entered or could have entered the U.S. food supply, could reduce our guests' demand for our menu offerings and reduce sales in our restaurants. In addition, negative publicity related to other health concerns in the beef industry (including e-coli, Hepatitis A and foot and mouth disease) could also make our menu offerings less appealing and reduce demand in our restaurants.

We may not be able to compete successfully with other restaurants, which could reduce our revenues.

The restaurant industry is intensely competitive with respect to price, service, location, food quality, atmosphere and overall dining experience. Our competitors include a large and diverse group of well-recognized fine dining and upscale casual restaurant chains, including fine dining steakhouse chains as well as restaurants owned by independent local operators. Some of our competitors may have substantially greater financial, marketing and other resources than we do, and may be better established in the markets where our restaurants are or may be located. If we cannot compete effectively in one or more of our markets, we may be unable to maintain recent levels of comparable restaurant sales growth and/or may be required to close existing restaurants.

If our vendors or distributors do not deliver food and beverages to us in a timely fashion we may experience short-term supply shortages and/or increased food and beverage costs.

Our ability to maintain consistent quality throughout our company-owned restaurants depends in part upon our ability to purchase USDA Prime grade beef and other food products in accordance with our rigid specifications. During fiscal 2004, we purchased more than 85%, and during the first quarter of fiscal 2005, more than 90%, of the beef we used in our company-owned restaurants from one vendor, New City Packing Company, Inc., with which we have no long-term contractual arrangement. In addition, we currently have a long-term arrangement with a distributor, Commissary Operations, Inc., which purchases products for us from various suppliers, and through which 31 of our company-owned restaurants receive a significant portion of their food supplies. If these or other vendors or distributors cease doing business with us, we could experience short-term supply shortages in certain of our company-owned restaurants and could be required to purchase supplies at higher prices until we are able to secure an alternative supply source. Any delay we experience in replacing vendors or distributors on acceptable terms could increase our food costs or, in extreme cases, require us to temporarily remove items from the menu of one or more of our restaurants.

Increases in the prices of, or reductions in the availability of, USDA Prime grade beef could reduce our operating margins and our revenues.

We purchase large quantities of beef, particularly USDA Prime grade beef, which is subject to extreme price fluctuations due to seasonal shifts, climate conditions, industry demand and other factors. Our beef costs represented approximately 51% of our food and beverage costs during fiscal 2004 and approximately 50% of our food and beverage costs during the first quarter of fiscal 2005, and we currently do not purchase beef pursuant to any long-term contractual arrangements or use futures contracts or other financial risk management strategies to reduce our exposure to potential price fluctuations. The market for USDA Prime grade beef is particularly volatile. For example, in late 2003, increased demand, together with the impact of supply rationalization during late 2001 and 2002, resulted in shortages of USDA Prime grade beef, requiring us to pay significantly higher prices for the USDA Prime grade beef we purchased. If prices for the types of beef we use in our restaurants increase in the future and we choose not to pass, or cannot pass, these increases on to our guests, our operating margins would decrease. If certain kinds of beef become unavailable for us to purchase, our revenues would decrease as well.

Labor shortages or increases in labor costs could slow our growth or harm our business.

Our success depends in part upon our ability to continue to attract, motivate and retain employees with the qualifications to succeed in our industry and the motivation to apply our core service philosophy, including regional operational managers, restaurant general managers and chefs. If we are unable to continue to recruit and retain sufficiently qualified individuals, our business and our growth could be adversely affected. Competition for these employees could require us to pay higher wages which could result in higher labor costs. In addition, we have a substantial number of hourly employees who are paid wage rates at or based on the federal minimum wage and who rely on tips as a large portion of their income. Increases in the minimum wage or decreases in allowable tip credits would increase our labor costs. We may be unable to increase our prices in order to pass these increased labor costs on to our guests, in which case our margins would be negatively affected.

Regulations affecting the operation of our restaurants could increase our operating costs and restrict our growth.

Each of our restaurants must obtain licenses from regulatory authorities allowing it to sell liquor, beer and wine, and each restaurant must obtain a food service license from local health authorities. Each restaurant's liquor license must be renewed annually and may be revoked at any time for cause, including violation by us or our employees of any laws and regulations relating to the minimum drinking age, advertising, wholesale purchasing and inventory control. In certain states, including states where we have a large number of restaurants or where we plan to open restaurants in the near term, the number of liquor licenses available is limited and licenses are traded at market prices. If we are unable to maintain our existing licenses, or if we choose to open a restaurant in those states, the cost of a new license could be significant. Obtaining and maintaining licenses is an important component of each of our restaurant's operations, and the failure to obtain or maintain food and liquor licenses and other required licenses, permits and approvals would materially adversely impact our existing restaurants or our growth strategy.

We are also subject to a variety of federal and state labor laws, such as minimum wage and overtime pay requirements, unemployment tax rates, workers' compensation rates and citizenship requirements. Government-mandated increases in minimum wages, overtime pay, paid leaves of absence and mandated health benefits, or increased tax reporting and tax payment requirements for employees who receive gratuities, or a reduction in the number of states that allow tips to be credited toward minimum wage requirements could increase our labor costs and reduce our operating margins. In addition, the Federal Americans with Disabilities Act prohibits discrimination on the basis of disability in public accommodations and employment. Although our restaurants are designed to be accessible to the disabled, we could be required to make modifications to our restaurants to provide service to, or make reasonable accommodations for, disabled persons.

Our strategy to open additional company-owned and franchisee-owned restaurants subjects us to extensive government regulation, compliance with which might increase our investment costs and restrict our growth.

We are subject to the rules and regulations of the Federal Trade Commission, or FTC, and various state laws regulating the offer and sale of franchises. The FTC requires that we furnish to prospective franchisees a franchise offering circular containing prescribed information and can restrict our ability to sell franchises. A number of states also regulate the sale of franchises and require the obtaining of a permit and/or registration of the franchise offering circular with state authorities and the delivery of the franchise offering circular to prospective franchisees. Our noncompliance with those laws could result in governmental enforcement actions seeking a civil or criminal penalty, rescission of a franchise, and loss of our ability to offer and sell franchises in a state, or a private lawsuit seeking rescission, damages and legal fees, which could have a material adverse effect on our business.

Our development and construction of additional restaurants must comply with applicable zoning, land use and environmental regulations. More stringent and varied requirements of local government bodies with respect to zoning, land use and environmental factors could delay construction of new restaurants and add to their cost in the future which could adversely affect our future operating results. In addition, difficulties or failure in obtaining the required licenses and approvals could delay, or result in our decision to cancel, the opening of new restaurants.

Our franchisees could take actions that harm our reputation and reduce our royalty revenues.

We do not exercise control over the day-to-day operations of our franchisee-owned restaurants. While we attempt to ensure that franchisee-owned restaurants maintain the same high operating standards that we demand of our company-owned restaurants, one or more of these restaurants may fail to maintain these standards. Any operational shortcomings of our franchisee-owned restaurants are likely to be attributed to our systemwide operations and could adversely affect our reputation and damage our brand as well as have a direct negative impact on the royalty income we receive from those restaurants.

You should not rely on past increases in our average unit volumes or our comparable restaurant sales as an indication of future operating results, because they may fluctuate significantly.

A number of factors historically have affected, and are likely to continue to affect, our average unit volumes and/or comparable restaurant sales, including, among other factors:

- our ability to execute our business strategy effectively;
- initial sales performance by new restaurants;
- levels of competition in one or more of our markets;
- consumer trends impacting levels of beef consumption; and
- general economic conditions.

Our average unit volumes and comparable restaurant sales may not increase at rates achieved over recent periods. Changes in our average unit volumes and comparable restaurant sales could cause the price of our common stock to fluctuate substantially.

Our failure to enforce our trademarks or other proprietary rights could adversely affect our competitive position or the value of the Ruth's Chris brand.

We own certain common law trademark rights and a number of federal and international trademark and service mark registrations, most importantly the Ruth's Chris Steak House name and logo, and proprietary rights relating to certain of our menu offerings. We believe that our trademarks and other proprietary rights are

important to our success and our competitive position. Protective actions we take with respect to these rights may fail to prevent unauthorized usage or imitation by others, which could harm our reputation, brand or competitive position and, if we commence litigation to enforce our rights, cause us to incur significant legal expenses.

Contracts with certain of our franchisees limit our ability to grow the Ruth's Chris brand in attractive markets.

We have granted exclusive development rights for some of the United States' largest markets, including Chicago, Atlanta, Philadelphia and Detroit, to franchisees. The terms of our agreements with these franchisees prevent us from opening company-owned restaurants in these markets. While we are currently working with these franchisees in order to create additional opportunities for growth, we may be unable to open additional company-owned or franchisee-owned restaurants in these markets. Our failure to grow within these large markets could harm our long-term competitive position in these markets and/or prevent us from sustaining our growth. In addition, our failure to grow the Ruth's Chris brand in these markets by opening additional restaurants could limit the visibility of our brand in these large markets, resulting in lower guest traffic in existing restaurants in these markets.

Litigation concerning food quality, health and other issues could require us to incur additional liabilities and/or cause guests to avoid our restaurants.

Occasionally, our guests file complaints or lawsuits against us alleging that we are responsible for some illness or injury they suffered at or after a visit to our restaurants. We are also subject to a variety of other claims arising in the ordinary course of our business, including personal injury claims, contract claims, claims from franchisees and claims alleging violations of federal and state law regarding workplace and employment matters, discrimination and similar matters. In addition, we could become subject to class action lawsuits related to these matters in the future. For example, we recently settled a class-action claim based on violation of wage and hour laws in California. The restaurant industry has also been subject to a growing number of claims that the menus and actions of restaurant chains have led to the obesity of certain of their guests. In addition, we are subject to "dram shop" statutes. These statutes generally allow a person injured by an intoxicated person to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated person. Recent litigation against restaurant chains has resulted in significant judgments, including punitive damages, under dram shop statutes. Regardless of whether any claims against us are valid or whether we are liable, claims may be expensive to defend and may divert time and money away from our operations and hurt our performance. A judgment significantly in excess of our insurance coverage for any claims would materially adversely affect our financial condition and results of operations. Adverse publicity resulting from these claims may negatively impact revenues at one or more of our restaurants.

Continued expansion in the upscale steakhouse segment of the restaurant industry could prevent us from realizing anticipated benefits from new restaurant growth or continued growth in comparable restaurant sales.

Our competitors have opened many upscale steakhouses in recent years, and a key element of our strategy is to accelerate our opening of new company-owned and franchisee-owned restaurants in both new and existing markets. If we overestimate demand for Ruth's Chris Steak House restaurants or underestimate the popularity of our competitors' restaurants in these markets, we may be unable to realize anticipated revenues from these new restaurants. Similarly, if one or more of our competitors open new restaurants in any of these new markets, or in markets where we already have an established presence, sales in our restaurants may be lower than we expect. Any unanticipated slowdown in demand in any of our restaurants due to this industry growth could reduce our average unit volumes and comparable restaurant sales, as well as our franchisee royalty revenues, which could cause the price of our common stock to fluctuate substantially.

The terms of our new senior credit agreement may restrict our ability to operate our business and to pursue our business strategies.

Our new senior credit agreement contains, and any agreements governing future indebtedness of ours would likely contain, a number of restrictive covenants that impose significant operating and financial restrictions on us. Our new senior credit agreement limits our ability, among other things, to:

- pay dividends or purchase stock and other restricted payments to shareholders;
- borrow money or issue guarantees;
- make investments;
- use assets as security in other transactions;
- sell assets or merge with or into other companies;
- enter into transactions with affiliates;
- sell stock in our subsidiaries; and
- create or permit restrictions on our subsidiaries' ability to make payments to us.

Our ability to engage in these types of transactions is limited even if we believe that a specific transaction would contribute to our future growth or improve our operating results. Our new senior credit agreement also requires us to achieve specified financial and operating results and maintain compliance with certain financial ratios. Our ability to comply with these ratios may be affected by events outside of our control. Any non-compliance would result in a default under our senior credit agreement and could result in our lenders declaring our senior debt immediately due and payable, which would have a material adverse effect on our ability to operate as a going concern.

Our senior management team has a limited history of working together and its failure to successfully manage our growing operations may reduce our net income.

Our future success depends on the ability of our senior management team, many of whom have been with Ruth's Chris for less than 18 months, to work together and successfully implement our growth strategy while maintaining the strength of our brand. If our senior management team fails to work together successfully, or if one or more of our senior managers is unable to effectively implement our business strategy, we may be unable to grow our business at the speed or in the manner in which we expect.

Risks Relating to this Offering

The price of our common stock may be volatile and you may not be able to sell your shares at or above the initial public offering price.

Prior to this offering, there has been no public market for our common stock. An active and liquid trading market for our common stock may not develop or be sustained following this offering. We will establish the initial public offering price through negotiations with the representatives of the underwriters. You should not view the initial public offering price as any indication of the price that will prevail in the trading market. In addition, there has been significant volatility in the market price and trading volume of securities of companies operating in the restaurant industry, which has often been unrelated to operating performance of particular companies. As a result, you may not be able to resell your shares at or above the initial public offering price.

The market price of our common stock may be influenced by many factors, some of which are beyond our control, including those described above under "Risks Related to Our Business," and the following:

- actual or anticipated fluctuations in our or our competitors' operating results;
- seasonal fluctuations in operating results;

- announcements by us or our competitors of new locations or menu items, capacity changes, significant contracts, acquisitions or strategic investments;
- our and our competitors' growth rates;
- the financial market and general economic conditions;
- changes in stock market analyst recommendations regarding us, our competitors or the restaurant industry generally, or lack of analyst coverage of our common stock;
- sales of our common stock by our executive officers, directors and significant stockholders or sales of substantial amounts of common stock; and
- changes in accounting principles.

In the past, following periods of volatility in the market price of a particular company's securities, litigation has often been brought against that company. If litigation of this type is brought against us, it could be extremely expensive and would divert management's attention and the company's resources.

If you purchase our common stock in this offering, you will incur immediate and substantial dilution in the book value of your shares.

If you purchase shares in this offering, the value of your shares based on our actual book value will immediately be less than the price you paid. This reduction in the value of your equity is known as dilution. This dilution occurs in large part because our earlier investors paid substantially less than the initial public offering price when they purchased their shares of our common stock. Based upon the issuance and sale of 9,375,000 million shares of our common stock by us at an assumed initial public offering price of $16.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, if you purchase shares in this offering, you will incur immediate dilution of $16.75 in the net tangible book value per share. Investors will incur additional dilution upon the exercise of outstanding stock options and outstanding warrants. In addition, if we raise funds by issuing additional securities, the newly issued shares will further dilute your percentage ownership of our company.

Approximately 40.9% of our voting power will be controlled by one principal stockholder whose interests may conflict with those of our other stockholders.

Upon completion of this offering, affiliates of Madison Dearborn will hold approximately 40.9% of our voting power, or 33.2% of our voting power if the underwriters' over-allotment option is exercised in full. As a result of this ownership, as well as the fact that a representative of Madison Dearborn is expected to continue to serve as chairman of our board of directors following the offering, Madison Dearborn will have significant influence in the consideration of all matters requiring the approval of our stockholders and/or our board of directors. These matters include the election of directors, the adoption of amendments to our amended and restated certificate of incorporation and by-laws and approval of mergers or sales of substantially all of our assets. This influence may also have the effect of delaying or preventing a change in control of our company or discouraging others from making tender offers for our shares, which could prevent stockholders from receiving a premium for their shares. So long as affiliates of Madison Dearborn continue to own a significant amount of the outstanding shares of our common stock and a representative of Madison Dearborn continues to serve on our board of directors, they will continue to be able to influence our decisions and may pursue corporate actions that conflict with the interests of our other stockholders. Our amended and restated certificate of incorporation will also provide that affiliates of Madison Dearborn and their representatives will not be required to offer any corporate opportunity of which they become aware to us and therefore they could take any such opportunity for themselves or offer it to other companies in which they have an investment.

We do not currently intend to pay dividends on our common stock, and as a result, your only opportunity to achieve a return on your investment is if the price of our common stock appreciates.

Since our acquisition by affiliates of Madison Dearborn in 1999, we have not declared or paid any cash dividends on our common stock and we do not expect to declare or pay any cash dividends on our common stock

in the foreseeable future. In addition, our new senior credit facilities and our Junior Preferred Stock limit our ability to declare and pay cash dividends on our common stock. For more information, see "Dividend Policy and Restrictions." As a result, your only opportunity to achieve a return on your investment in us will be if the market price of our common stock appreciates and you sell your shares at a profit. The market price for our common stock after this offering may never exceed the price that you pay for our common stock in this offering.

Shares eligible for future sale may cause the market price of our common stock to decline, even if our business is doing well.

Sales of substantial amounts of our common stock in the public market after this offering, or the perception that these sales may occur, could adversely affect the price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. Upon completion of this offering, we will have 22,412,746 shares of common stock outstanding, whether or not the underwriters exercise their over-allotment option. Of these shares, the 11,430,000 shares of common stock sold in this offering will be freely tradable, without restriction, in the public market. The remaining 10,982,746 shares of common stock will be "restricted securities," as that term is defined in Rule 144 under the Securities Act, which will be freely tradeable subject to applicable holding period, volume and other limitations under Rule 144. Upon completion of this offering, all of these restricted securities will be subject to lock-up agreements with the underwriters, restricting the sale of such shares for 180 days after the date of this prospectus. These lock-up agreements are subject to a number of exceptions and holders may be released from these agreements without prior notice at the discretion of Banc of America Securities LLC. See "Shares Eligible for Future Sale." Some of our stockholders are entitled, subject to limited exceptions, to demand registration rights with respect to the registration of shares under the Securities Act. By exercising their registration rights, and selling a large number of shares, these holders could cause the price of our common stock to decline. An estimated 10.4 million shares of common stock will be entitled to registration rights upon completion of this offering.

Our amended and restated certificate of incorporation, our by-laws and Delaware law contain provisions that could discourage another company from acquiring us and may prevent attempts by our stockholders to replace or remove our current management.

Provisions of the Delaware General Corporation Law (the "DGCL"), our amended and restated certificate of incorporation and our by-laws may discourage, delay or prevent a merger or acquisition that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace or remove our board of directors. Such provisions in our amended and restated certificate of incorporation and by-laws will include:

- limitations on the ability of stockholders to amend our charter documents, including stockholder supermajority voting requirements;
- the inability of stockholders to act by written consent or to call special meetings after such time as the existing stockholders own less than a majority of our common stock;
- advance notice requirements for nominations for election to the board of directors and for stockholder proposals; and
- the authority of our board of directors to issue, without stockholder approval, up to 10,000,000 shares of preferred stock with such terms as the board of directors may determine and to issue additional shares of our common stock.

We will also be afforded the protections of Section 203 of the DGCL, which will prevent us from engaging in a business combination with a person who acquires at least 15% of our common stock for a period of three years from the date such person acquired such common stock, unless board or stockholder approval is obtained. See "Description of Capital Stock."

Requirements associated with being a public company will increase our costs significantly, as well as divert significant company resources and management attention.

Prior to this offering, we have not been subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the other rules and regulations of the SEC or any securities exchange relating to public companies. We are working with our legal, independent accounting and financial advisors to identify those areas in which changes should be made to our financial and management control systems to manage our growth and our obligations as a public company. These areas include corporate governance, corporate control, internal audit, disclosure controls and procedures and financial reporting and accounting systems. We have made, and will continue to make, changes in these and other areas. However, the expenses that will be required in order to adequately prepare for being a public company could be material. Compliance with the various reporting and other requirements applicable to public companies will also require considerable time and attention of management. We cannot predict or estimate the amount of the additional costs we may incur, the timing of such costs or the degree of impact that our management's attention to these matters will have on our business. In addition, the changes we make may not be sufficient to allow us to satisfy our obligations as a public company on a timely basis.

In addition, being a public company could make it more difficult or more costly for us to obtain certain types of insurance, including directors' and officers' liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus may contain "forward-looking statements" that reflect, when made, our expectations or beliefs concerning future events that involve risks and uncertainties. All statements other than statements of historical facts included in this prospectus, including, without limitation, some of the statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business," are forward-looking statements. Forward-looking statements may contain the words "believe," "anticipate," "expect," "estimate," "project," "will be," "will continue," "will likely result," or other similar words and phrases. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct. Forward-looking statements and our plans and expectations are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated, and our business in general is subject to risks that could affect the value of our securities, including the factors discussed under "Risk Factors." These factors include, among other things, the following:

- economic conditions and trends generally;
- changes in consumer preferences or discretionary spending;
- the effect of competition in the restaurant industry;
- our ability to achieve market acceptance, particularly in new markets;
- our ability to achieve and manage our planned expansion;
- our ability to execute our business strategy effectively;
- health concerns about beef or other food products;
- reductions in the availability of, or increases in the cost of, USDA Prime grade beef and other food items;
- labor shortages or increases in labor costs;
- the impact of federal, state or local government regulations relating to our employees, the sale or preparation of food, the sale of alcoholic beverages and the opening of new restaurants;
- harmful actions taken by our franchisees;
- our ability to protect our name and logo and other proprietary information;
- the impact of adverse weather conditions;
- the impact of litigation; and
- the loss of key management personnel.

The forward-looking statements made in this prospectus are related only to events as of the date on which the statements are made. Except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, even if new information becomes available in the future.

MARKET DATA AND FORECASTS

Unless otherwise indicated, information in this prospectus concerning economic conditions and our industry is based on information from independent industry analysts and publications, including the National Restaurant Association, Technomic, Inc. and the Economist Intelligence Unit, as well as management estimates. Management estimates are derived from publicly available information released by third-party sources, as well as data from our internal research, and are based on such data and our knowledge of our industry, which we believe to be reasonable. None of the independent industry publications used in this prospectus was prepared on our or our affiliates' behalf and none of the sources cited in this prospectus has consented to the inclusion of any data from its reports, nor have we sought their consent.

USE OF PROCEEDS

Based upon an assumed initial public offering price of $16.00 per share (the midpoint of the price range set forth on the cover page of this prospectus), we will receive from this offering net proceeds of approximately $136.9 million, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We will not receive any of the proceeds from the selling stockholders' sale of shares of common stock in the offering, nor will we receive any proceeds from the sale of shares by affiliates of Madison Dearborn pursuant to the option they have granted the underwriters to purchase from them up to shares of common stock to cover over-allotments, if any. We intend to use the net proceeds from this offering as follows:

- approximately $11.7 million will be used to redeem our Senior Preferred Stock, all of which is currently held by Wachovia Investors, Inc., an affiliate of Wachovia Capital Markets, LLC, one of the underwriters in this offering;
- approximately $75.9 million will be used to redeem or repurchase our Junior Preferred Stock, approximately 88.2% of which is currently held by affiliates of Madison Dearborn;
- approximately $49.3 million will be used to repay a portion of the outstanding indebtedness under our new senior credit facilities.

Our new senior credit facilities require us to use at least 50% of the net proceeds from all equity offerings, including this offering, to repay indebtedness under these facilities. Accordingly, we need to obtain the consent of the lenders under our new senior credit facilities to use the net proceeds from this offering in the manner described above, which consent we are currently seeking. If we are unable to obtain the required consents, we will use 50% of the net proceeds from this offering to repay indebtedness under our new senior credit facilities and use the remaining net proceeds to redeem all of our outstanding Senior Preferred Stock and repurchase a portion of our outstanding Junior Preferred Stock. In this case, Junior Preferred Stock with a liquidation value of approximately $19.2 million will remain outstanding upon completion of the offering.

An affiliate of Banc of America Securities LLC, one of the underwriters in this offering, is a lender under our new senior credit facilities and therefore will receive a portion of the proceeds of this offering. We entered into our new senior credit facilities on March 11, 2005, and used the net proceeds of the borrowings thereunder to prepay and retire borrowings under our previous credit facility, to redeem our 13% senior subordinated notes due 2006, to repurchase shares of and pay accrued dividends on the Senior Preferred Stock in an aggregate amount of approximately $30.0 million, and to pay related fees and expenses. As of March 27, 2005, term loan borrowings under our new senior credit facilities bore interest at 6.0% per year. The maturity date of term loan borrowings under our new senior credit facilities is March 11, 2011. As of March 27, 2005, there were no borrowings outstanding under our revolving credit facility and we had approximately $13.7 million of borrowings available under that facility, net of outstanding letters of credit of approximately $1.3 million. Commitments under our revolving credit facility terminate on March 11, 2010.

DIVIDEND POLICY AND RESTRICTIONS

We currently expect to retain all of our future earnings to finance the growth of our business. Since our acquisition by affiliates of Madison Dearborn in 1999 we have not paid, and we have no current plans to pay in the future, cash dividends to holders of our common stock. The payment of dividends is within the discretion of our board of directors and will depend on our earnings, capital requirements and operating and financial condition, among other factors. In addition, our new senior credit facilities and our Junior Preferred Stock limit our ability to pay dividends. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents and our consolidated capitalization as of March 27, 2005 on an actual basis and on an as adjusted basis to give effect to this offering and the application of net proceeds therefrom, as described in "Use of Proceeds." You should read this table in conjunction with "Use of Proceeds," "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and accompanying notes included elsewhere in this prospectus. This table gives effect to the completion of the Recapitalization and the exercise of all outstanding warrants and the conversion into common stock of all shares of Class B Common Stock issued upon exercise of warrants.

	As of March 27, 2005	
	Actual	**As Adjusted**
	(dollars in millions)	
Cash and cash equivalents	$ 2.1	$ 2.1
Long-term debt, including current portion:		
New senior credit facilities:(1)		
Revolving credit facility	—	—
Term loan	105.0	55.7(2)
Mandatorily redeemable senior preferred stock	11.0	—
Total long-term debt, including current maturities	116.0	55.7
Shareholders' equity (deficit):		
Junior Preferred Stock, par value $0.01 per share, 92,000 shares authorized, 73,959 shares issued and outstanding, actual; 0 shares authorized, issued and outstanding, as adjusted	73.9	—(3)
Common stock, par value $0.01 per share, 1,000,000 shares authorized, 11,543,889 shares issued and outstanding, actual; 100,000,000 shares authorized, 22,412,746 shares issued and outstanding, as adjusted	—	0.2
Additional paid-in capital	5.7	142.4
Accumulated deficit	(128.8)	(131.5)
Total shareholders' equity (deficit)	(49.2)	11.1
Total capitalization	$ 66.8	$ 66.8

(1) Our new senior credit facilities provide for a $105.0 million term loan and a $15.0 million revolving credit facility. As of March 27, 2005, we had approximately $13.7 million of borrowings available under our revolving credit facility, net of outstanding letters of credit of approximately $1.3 million.

(2) If we cannot obtain the consent of the lenders under our new senior credit facilities to permit us to apply the net proceeds toward our intended use as described in "Use of Proceeds," we would have had $36.6 million outstanding under the term loan as of March 27, 2005 on an as adjusted basis.

(3) If we cannot obtain the consent of the lenders under our new senior credit facilities to permit us to apply the net proceeds toward our intended use as described in "Use of Proceeds," we would have had Junior Preferred Stock with an aggregate liquidation value of $17.8 million outstanding as of March 27, 2005 on an as adjusted basis.

The number of shares of common stock to be outstanding after this offering is based on 13,037,746 shares outstanding as of March 27, 2005, which includes the 11,543,899 shares currently outstanding plus 1,493,857 shares to be issued upon the exercise of outstanding warrants, and which gives effect to the proposed 20.75281-for-1 stock split we intend to effect prior to the completion of this offering. This number excludes, as of March 27, 2005:

- 1,212,221 shares of our common stock issuable upon the exercise of outstanding stock options at an exercise price of approximately $0.48 per share;
- 350,000 shares of our common stock issuable upon the exercise of options to be issued in connection with this offering under our 2005 Long-Term Equity Incentive Plan at an exercise price equal to the initial public offering price for our common stock in this offering; and
- 2,012,500 shares of our common stock reserved for future issuance under our 2005 Long-Term Equity Incentive Plan.

DILUTION

Dilution represents the difference between the amount per share paid by investors in this offering and the pro forma net tangible book value per share of our common stock immediately after this offering. Net tangible book value per share as of March 27, 2005 represented the amount of our total tangible assets less the amount of our total liabilities, divided by the sum of the number of shares of common stock outstanding at March 27, 2005 and 1,493,857 shares that are issuable upon exercise of outstanding warrants and that will be sold in this offering. Our net tangible book value (deficit) as of March 27, 2005 based on 13,037,746 shares of our common stock outstanding was $(79.8) million, or $(6.12) per share of common stock.

After giving effect to the sale of the 9,375,000 shares of common stock offered by us in this offering at an assumed initial public offering price of $16.00 per share, the midpoint of the range set forth on the cover of this prospectus, our pro forma net tangible book value (deficit) as of March 27, 2005 would have been approximately $(16.8) million, or $(0.75) per share of common stock. This represents an immediate increase in net tangible book value to our existing stockholders of $5.37 per share and an immediate dilution to new investors in this offering of $16.75 per share. The following table illustrates this per share dilution in net tangible book value to new investors:

Assumed initial public offering price per share		$16.00
Net tangible book value (deficit) per share as of March 27, 2005	$(6.12)	
Increase in net tangible book value per share attributable to new investors	5.37	
Pro forma net tangible book value (deficit) per share after this offering		(0.75)
Dilution per share to new investors		$16.75

The following table summarizes, as of March 27, 2005 on a pro forma basis, the total number of shares of common stock purchased from us, the aggregate cash consideration paid to us and the average price per share paid by existing stockholders and by new investors purchasing shares of common stock in this offering before deducting estimated underwriting discounts and commissions and our estimated offering expenses. The calculation below is based on an assumed initial offering price of $16.00 per share before deducting estimated underwriting discounts and commissions and offering expenses payable by us:

	Shares Purchased		Total Consideration		
	Number	Percent	Amount	Percent	Average Price Per Share
Existing stockholders	13,037,746	58.2%	$ 5,017,751	3.2%	$ 0.38
New investors	9,375,000	41.8	150,000,000	96.8	16.00
Total	22,412,746	100.0%	$155,017,751	100.0%	

The foregoing discussion and tables do not include:

- 1,212,221 shares of our common stock issuable upon the exercise of outstanding stock options at an exercise price of approximately $0.48 per share;
- 350,000 shares of our common stock issuable upon the exercise of options to be issued in connection with this offering under our 2005 Long-Term Equity Incentive Plan at an exercise price equal to the initial public offering price for our common stock in this offering; and
- 2,012,500 shares of our common stock reserved for future issuance under our 2005 Long-Term Equity Incentive Plan.

To the extent that all outstanding options, (excluding options we intend to issue in connection with this offering at an exercise price equal to the initial public offering price), are exercised, your investment will be further diluted by an additional $0.06 per share. In that event, the total number of shares of common stock purchased from us by our existing stockholders would be 14,249,967, the aggregate cash consideration paid to us by our existing stockholders would be $5,601,887 and the average price per share paid by existing stockholders would be approximately $0.39 per share. In addition, you will incur additional dilution if we grant more options in the future with exercise prices below the initial public offering price.

If the underwriters exercise their over-allotment option in full, our existing stockholders would own approximately 43.8% and our new investors would own approximately 56.2% of the total number of shares of our common stock outstanding after this offering.

SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth our selected consolidated financial data as of and for the periods indicated. We derived the consolidated income statement data for fiscal years 2002, 2003 and 2004 and the consolidated balance sheet data as of the last day of fiscal years 2003 and 2004 from our audited consolidated financial statements for such periods and dates, which appear elsewhere in this prospectus. We derived the consolidated income statement data for fiscal years 2000 and 2001 and the consolidated balance sheet data as of the last day of fiscal years 2000, 2001 and 2002 from our audited financial statements for such periods and dates, which do not appear in this prospectus, as adjusted to conform to the presentation of the audited financial statements included in this prospectus. Our financial statements for fiscal years 2000, 2001, 2002, 2003 and 2004 have been audited and reported upon by KPMG LLP, an independent registered public accounting firm. We derived the consolidated income statement data for the first quarters of fiscal 2004 and 2005 and the consolidated balance sheet data as of March 27, 2005 from our unaudited consolidated financial statements for such periods and date which appear elsewhere in this prospectus, and in the opinion of management, such financial data contains all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the consolidated financial data. Our historical results are not necessarily indicative of the operating results that may be expected in the future. All of the fiscal years set forth in this table consisted of 52 weeks, except for fiscal 2000, which consisted of 53 weeks. The following selected consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and accompanying notes thereto included elsewhere herein.

	Fiscal Year					Fiscal First Quarter	
	2000	2001	2002	2003	2004	2004	2005
	(dollars in thousands)					(unaudited)	
Income Statement Data:							
Revenues:							
Restaurant sales	$ 152,755	$ 145,190	$ 144,963	$ 158,578	$ 182,280	$ 47,348	$ 53,889
Franchise income	8,870	8,554	8,369	8,829	9,500	2,480	2,647
Other operating income	—	—	251	373	417	78	117
Total revenues	161,625	153,744	153,583	167,780	192,197	49,906	56,653
Costs and expenses:							
Food and beverage costs	52,042	49,187	46,710	55,612	61,412	16,736	16,497
Restaurant operating expenses	64,249	63,894	67,157	74,129	82,956	20,696	23,314
Marketing and advertising	6,307	6,217	6,609	6,478	6,730	1,672	2,353
General and administrative	11,545	11,346	9,847	8,792	10,938	2,151	3,129
Depreciation and amortization	6,667	7,193	6,033	6,782	6,469	1,644	1,617
Pre-opening costs	1,165	914	2,053	497	364	—	109
Operating income	19,650	14,993	15,174	15,490	23,328	7,007	9,634
Other income (expense):							
Interest income	382	338	189	68	—	1	—
Interest expense	(13,678)	(11,591)	(9,757)	(9,587)	(10,320)	(2,955)	(4,134)
Accrued dividends and accretion on mandatorily redeemable senior preferred stock	—	—	—	(2,243)	(5,071)	(1,194)	(1,188)
Other	11	498	1,044	512	(841)	71	38
Income from continuing operations before income tax expense	6,365	4,238	6,650	4,240	7,096	2,930	4,350
Income tax expense	2,298	1,416	428	1,344	735	304	1,551
Income from continuing operations	4,067	2,822	6,222	2,896	6,361	2,626	2,799
Discontinued operations, net of income tax benefit	502	249	538	1,648	3,919	168	508
Net income	$ 3,565	$ 2,573	$ 5,684	$ 1,248	$ 2,442	$ 2,458	$ 2,291

	Fiscal Year					Fiscal First Quarter	
	2000	2001	2002	2003	2004	2004	2005
	($ in thousands, except per share data)					(unaudited)	
Less dividends earned on mandatorily redeemable senior preferred stock and accretion of discount	$ 2,165	$ 3,316	$ 4,777	$ 2,135	$ —	$ —	$ —
Less dividends earned on junior preferred stock	2,822	4,183	5,713	4,975	5,373	1,317	1,422
Net income (loss) available to common shareholders	$ (1,422)	$ (4,926)	$ (4,806)	$ (5,862)	$ (2,931)	$ 1,141	$ 869
Basic earnings (loss) per share:							
Continuing operations	$ (0.08)	$ (0.40)	$ (0.36)	$ (0.36)	$ 0.08	$ 0.11	$ 0.11
Discontinued operations	(0.04)	(0.02)	(0.05)	(0.14)	(0.33)	(0.01)	(0.04)
Basic earnings (loss) per share	$ (0.12)	$ (0.42)	$ (0.41)	$ (0.50)	$ (0.25)	$ 0.10	$ 0.07
Diluted earnings (loss) per share:							
Continuing operations	$ (0.08)	$ (0.40)	$ (0.36)	$ (0.36)	$ 0.08	$ 0.11	$ 0.10
Discontinued operations	(0.04)	(0.02)	(0.05)	(0.14)	(0.33)	(0.01)	(0.04)
Diluted earnings (loss) per share	$ (0.12)	$ (0.42)	$ (0.41)	$ (0.50)	$ (0.25)	$ 0.10	$ 0.06
Shares used in computing earnings (loss) per common share:							
Basic	11,746,868	11,746,868	11,746,868	11,746,868	11,917,093	11,746,868	13,037,746
Diluted	11,746,868	11,746,868	11,746,868	11,746,868	11,917,093	11,746,868	14,213,459
Supplemental pro forma basic earnings (loss) per share							
Continuing operations					$ 0.05		$ 0.06
Discontinued operations					(0.19)		(0.02)
Basic earnings (loss) per share					$ (0.14)		$ 0.04
Supplemental pro forma diluted earnings (loss) per share							
Continuing operations					$ 0.05		$ 0.06
Discontinued operations					(0.19)		(0.02)
Diluted earnings (loss) per share					$ (0.14)		$ 0.04
Shares used in computing supplemental pro forma earnings (loss) per share							
Basic					21,292,093		22,412,746
Diluted					21,292,093		23,588,459
Balance Sheet Data (at end of period):							
Cash and cash equivalents	$ 7,525	$ 3,762	$ 5,520	$ 5,130	$ 3,906		$ 2,054
Total assets	109,515	106,922	118,029	117,554	113,482		109,807
Total long-term debt including current portion	112,332	105,434	104,747	97,373	80,931		105,000
Mandatorily redeemable senior preferred stock	21,996	25,312	30,090	34,786	39,857		11,045
Total shareholders' deficit	(53,235)	(53,978)	(53,071)	(53,958)	(51,513)		(49,222)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We believe that we are the largest upscale steakhouse company in the United States, based on total company- and franchisee-owned restaurants as published by *Nation's Restaurant News* in a July 2004 survey. Our menu features a broad selection of high-quality USDA Prime grade steaks and other premium offerings served in Ruth's Chris' signature fashion—"sizzling" and topped with seasoned butter—complemented by other traditional menu items inspired by our New Orleans heritage. Our restaurants reflect our 40-year commitment to the core values instilled by our founder, Ruth Fertel, of caring for our guests by delivering the highest quality food, beverages and service in a warm and inviting atmosphere. We believe that Ruth's Chris is currently one of the strongest brands in fine dining.

We believe that we offer a dining experience that appeals to families and special occasion diners, in addition to the business clientele traditionally served by upscale steakhouses. We believe this broad appeal provides us with opportunities to expand into a wide range of markets, including many markets not traditionally served by upscale steakhouses.

We offer USDA Prime grade steaks that are aged and prepared to exacting company standards and cooked in 1800-degree broilers. We also offer veal, lamb, poultry and seafood dishes, and a broad selection of appetizers, including New Orleans-style barbequed shrimp, mushrooms stuffed with crabmeat, shrimp remoulade, Louisiana seafood gumbo, onion soup au gratin and six to eight salad variations. We complement our distinctive food offerings with an award-winning wine list, typically featuring bottles priced at between $28 to $700 and many selections offered by the glass.

There currently are 88 Ruth's Chris restaurants, of which 39 are company-owned and 49 are franchisee-owned, including ten international franchisee-owned restaurants in Mexico, Hong Kong, Taiwan and Canada. In fiscal 2004, we had total revenues of $192.2 million and operating income of $23.3 million, representing increases from fiscal 2003 of 14.6% and 50.6%, respectively. In the first quarter of fiscal 2005, we had total revenues of $56.7 million and operating income of $9.6 million, representing increases from the first quarter of fiscal 2004 of 13.5% and 37.1%, respectively.

Positioned for Growth

In recent years, we slowed our development of new restaurants and focused our efforts on ensuring that we were adhering to our core culture as inspired by Ruth Fertel. We have improved financial performance through a variety of operating initiatives and we believe we are now well positioned to open new restaurants. We currently expect to open five to six company-owned restaurants in each of the next several years. In addition, we expect new and existing franchisees to open three to four Ruth's Chris restaurants in 2005, two of which have already been opened, and approximately five to six Ruth's Chris restaurants in each of the next several years.

Key Financial Terms and Metrics

We evaluate our business using a variety of key financial measures:

Restaurant Sales. Restaurant sales consist of food and beverage sales by company-owned restaurants. Restaurant sales are primarily influenced by total operating weeks in the relevant period and comparable restaurant sales growth. Total operating weeks is the total number of company-owned restaurants multiplied by the number of weeks each is in operation during the relevant period. Total operating weeks is impacted by restaurant openings and closings, as well as changes in the number of weeks included in the relevant period. Comparable restaurant sales growth reflects the change in year-over-year or quarter-over-quarter, as applicable, sales for the comparable restaurant base. We define the comparable restaurant base to be those company-owned restaurants in operation for not less than twelve months prior to the beginning of the fiscal year including the period being measured. Comparable restaurant sales growth is primarily influenced by the number of entrées sold and the average guest check. The number of entrees sold is influenced by the popularity of our menu items, our guest mix and our ability to deliver a high quality dining experience. Average guest check, a measure of total restaurant sales divided by the number of entrées, is driven by menu mix and pricing.

Franchise Income. Franchise income includes (1) franchise and development option fees charged to franchisees and (2) royalty income. Franchise royalties consist of 5.0% of adjusted gross sales from each franchisee-owned restaurant. We evaluate the performance of our franchisees by measuring franchisee-owned restaurant operating weeks, which is impacted by franchisee-owned restaurant openings and closings, and comparable franchisee-owned restaurant sales growth, which together with operating weeks, drives our royalty income.

Food and Beverage Costs. Food and beverage costs include all restaurant-level food and beverage costs of company-owned restaurants. We measure food and beverage costs by tracking cost of sales as a percentage of restaurant sales and cost per entrée. Food and beverage costs are generally influenced by the cost of food and beverage items, distribution costs and menu mix. We expect our distribution costs to decrease from historical levels as a result of a new agreement we recently entered into with a foodservice distributor under which it acts as the primary distributor to most of our company-owned restaurants.

Restaurant Operating Expenses. We measure restaurant operating expenses for company-owned restaurants as a percentage of restaurant sales. Restaurant operating expenses include the following:

- Labor costs, consisting of restaurant management salaries, hourly staff payroll and other payroll-related items, including taxes and fringe benefits. We measure our labor cost efficiency by tracking hourly and total labor costs as a percentage of restaurant sales;
- Operating costs, consisting of maintenance, utilities, bank and credit card charges, and any other restaurant-level expenses; and
- Occupancy costs, consisting of both fixed and variable portions of rent, common area maintenance charges, insurance premiums and real property taxes.

Marketing and Advertising. Marketing and advertising includes all media, production and related costs for both local restaurant advertising and national marketing. We measure the efficiency of our marketing and advertising expenditures by tracking these costs as a percentage of total revenues. We have historically spent approximately 4.0% of total revenues on marketing and advertising and expect to maintain this level in the near term. All franchise agreements executed based on our new form of franchise agreement will include a 1.0% advertising fee in addition to the 5.0% royalty fee. This designated advertising fee will be spent on national advertising and will be recorded as a liability against which specified advertising and marketing costs will be charged.

General and Administrative. General and administrative costs include costs relating to all corporate and administrative functions that support development and restaurant operations and provide an infrastructure to support future company and franchisee growth. General and administrative costs are comprised of management, supervisory and staff salaries and employee benefits, travel, information systems, training, corporate rent, professional and consulting fees, technology and market research. We measure our general and administrative expense efficiency by tracking these costs as a percentage of total revenues. These expenses are expected to increase as a result of costs associated with being a public company as well as costs related to our anticipated growth, including substantial training costs and significant investments in infrastructure. As we are able to leverage these investments made in our people and systems, we expect these expenses to decrease as a percentage of total revenues over time.

Depreciation and Amortization. Depreciation and amortization includes depreciation of fixed assets. Consistent with recent SEC guidance, we depreciate capitalized leasehold improvements over the shorter of the total expected lease term or their estimated useful life. As we accelerate our restaurant openings, depreciation and amortization is expected to increase as a result of our increased capital expenditures.

Pre-Opening Costs. Pre-opening costs consist of costs incurred prior to opening a company-owned restaurant, which are comprised principally of manager salaries and relocation costs, employee payroll and related training costs for new employees, including practice and rehearsal of service activities as well as lease costs incurred prior to opening. We have not opened a significant number of company-owned restaurants during the historical periods discussed and, therefore, pre-opening costs have not had a material impact on our operating results during any of the historical periods presented. We expect these costs to increase as we accelerate our company-owned restaurant openings, which may have a material impact on our operating results in future

periods. We currently budget approximately $0.4 million of pre-opening costs per company-owned restaurant opening.

Results of Operations

The table below sets forth certain operating data expressed as a percentage of total revenues for the periods indicated. Our historical results are not necessarily indicative of the operating results that may be expected in the future.

	Fiscal Year			Fiscal First Quarter	
	2002	2003	2004	2004	2005
Revenues:					
Restaurant sales	94.4%	94.5%	94.8%	94.8%	95.1%
Franchise income	5.4%	5.3%	5.0%	5.0%	4.7%
Other operating income	0.2%	0.2%	0.2%	0.2%	0.2%
Total revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Costs and expenses:					
Food and beverage costs	30.4%	33.1%	31.9%	33.5%	29.1%
Restaurant operating expenses	43.7%	44.2%	43.2%	41.5%	41.2%
Marketing and advertising	4.3%	3.9%	3.5%	3.3%	4.2%
General and administrative	6.4%	5.2%	5.7%	4.3%	5.5%
Depreciation and amortization	3.9%	4.1%	3.4%	3.3%	2.9%
Pre-opening costs	1.4%	0.3%	0.2%	0.0%	0.1%
Operating income	9.9%	9.2%	12.1%	14.1%	17.0%
Other income (expense):					
Interest expense, net of interest income	(6.2)%	(5.7)%	(5.4)%	(5.9)%	(7.3)%
Accrued dividends and accretion on mandatorily redeemable senior preferred stock	0.0%	(1.3)%	(2.6)%	(2.4)%	(2.1)%
Other	0.7%	0.3%	(0.4)%	0.0%	0.0%
Income from continuing operations before income tax expense	4.4%	2.5%	3.7%	5.8%	7.7%
Income tax expense	0.3%	0.8%	0.4%	0.6%	2.7%
Income from continuing operations	4.1%	1.7%	3.3%	5.2%	5.0%
Discontinued operations, net of income tax benefit	0.4%	1.0%	2.0%	0.3%	0.9%
Net income	3.7%	0.7%	1.3%	4.9%	4.1%

First Quarter of Fiscal 2005 (13 Weeks) Compared to First Quarter of Fiscal 2004 (13 Weeks)

Restaurant Sales. Restaurant sales increased $6.6 million, or 14.0%, to $53.9 million in the first quarter of fiscal 2005 from $47.3 million in the first quarter of fiscal 2004. The increase in restaurant sales was due primarily to a $5.7 million increase in sales from restaurants open throughout both periods, representing comparable company-owned restaurant sales growth of 11.9%, together with $0.9 million attributable to one restaurant acquired in April 2004. Approximately half of this increase in comparable company-owned restaurant sales was attributable to increased entrée volume driven by improvements in table utilization and management and additional marketing, with the other half caused by increased per entrée spending, particularly caused by increased wine and beverage spending.

Franchise Income. Franchise income increased $0.1 million, or 4.0%, to $2.6 million in the first quarter of fiscal 2005 from $2.5 million in the first quarter of fiscal 2004. The increase in franchise income was due to a $1.9 million increase in franchisee-owned restaurant sales from those franchisee-owned restaurants open throughout

both periods, representing a comparable franchisee-owned restaurant sales growth of 4.0%, as well as $0.6 million from two relocated franchise restaurants. This increase was partially offset by our acquisition of one franchisee-owned restaurant and the closing by the same franchisee of another franchisee-owned restaurant in April 2004.

Food and Beverage Costs. Food and beverage costs decreased $0.2 million, or 1.2%, to $16.5 million in the first quarter of fiscal 2005 from $16.7 million in the first quarter of fiscal 2004. As a percentage of restaurant sales, food and beverage costs decreased to 30.6% in the first quarter of fiscal 2005 from 35.3% in the first quarter of fiscal 2004. This decrease in food and beverage costs as a percentage of restaurant sales was primarily due to lower meat costs.

Restaurant Operating Expenses. Restaurant operating expenses increased $2.6 million, or 12.6%, to $23.3 million in the first quarter of fiscal 2005 from $20.7 million in the first quarter of fiscal 2004. The increase was primarily due to higher restaurant sales in the first quarter of fiscal 2005. Several of the operating expenses included in this category are either fixed or semi-variable. As a result, restaurant operating expenses as a percentage of restaurant sales decreased to 43.3% in the first quarter of fiscal 2005 from 43.7% in the first quarter of fiscal 2004, primarily due to the impact of increased restaurant sales.

Marketing and Advertising. Marketing and advertising expenses increased $0.7 million, or 41.2%, to $2.4 million in the first quarter of fiscal 2005 from $1.7 million in the first quarter of fiscal 2004. Marketing and advertising expenses as a percentage of total revenues increased to 4.2% in the first quarter of fiscal 2005 from 3.3% in the first quarter of fiscal 2004. This increase was due primarily to increased national cable television advertising and expenses relating to the redesign of our internet site.

General and Administrative. General and administrative costs increased $0.9 million, or 40.9%, to $3.1 million in the first quarter of fiscal 2005 from $2.2 million in the first quarter of fiscal 2004. General and administrative costs as a percentage of total revenues increased to 5.5% in the first quarter of fiscal 2005 from 4.3% in the first quarter of fiscal 2004. This increase was primarily due to the recruitment and hiring of a new President and Chief Executive Officer as well as several other key management personnel in the areas of human resources, construction, franchise relations and marketing in fiscal 2004.

Depreciation and Amortization. Depreciation and amortization expense remained constant in the first quarter of fiscal 2005 from the first quarter of fiscal 2004 at $1.6 million. This stability was due primarily to the fact that levels of new investment in furniture and equipment were similar to levels of previously purchased furniture and equipment becoming fully depreciated, as well as the fact that we did not open any restaurants during fiscal 2004.

Interest Expense, net of Interest Income. Interest expense, net of interest income, increased $1.1 million, or 36.7%, to $4.1 million in the first quarter of fiscal 2005 from $3.0 million in the first quarter of fiscal 2004. This increase was primarily due to the write-off of remaining debt issuance costs of $1.7 million associated with the refinancing of our credit facility in March 2005, partially offset by a lower weighted average interest rate and lower average borrowings in the first quarter of fiscal 2005 as compared to the first quarter of fiscal 2004.

Accrued Dividends and Accretion on Mandatorily Redeemable Senior Preferred Stock. Dividends and accretion of issuance discount on Senior Preferred Stock are reflected as accrued dividends and accretion on Senior Preferred Stock in our consolidated financial statements subsequent to the June 30, 2003 implementation date of SFAS No. 150. We currently expect to use a portion of the proceeds from this offering to redeem all of our outstanding Senior Preferred Stock. See “Use of Proceeds.”

Income Tax Expense. Income tax expense increased by $1.3 million to $1.6 million in the first quarter of fiscal 2005 from $0.3 million in the first quarter of fiscal 2004 due to an increase in income before income tax and an increase in the estimated annual effective tax rate.

Income from Continuing Operations. Income from continuing operations increased $0.2 million, or 7.7%, to $2.8 million in the first quarter of fiscal 2005 from $2.6 million in the first quarter of fiscal 2004.

Discontinued Operations, net of Income Tax Benefit. In the fourth quarter of fiscal 2004, we closed company-owned restaurants in Sugar Land, Texas and Manhattan (UN), New York. The operations and related expenses of these locations are presented as discontinued operations. Discontinued operations increased by $0.3 million to $0.5 million in the first quarter of fiscal 2005 from $0.2 million in the first quarter of fiscal 2004. This increase was primarily due to the accrual of additional lease exit costs associated with the closing of our Manhattan (UN), New York restaurant. Discontinued operations for the first quarter of fiscal 2004 includes restaurant revenues of $1.6 million.

Fiscal Year 2004 (52 Weeks) Compared to Fiscal Year 2003 (52 Weeks)

Restaurant Sales. Restaurant sales increased $23.7 million, or 14.9%, to $182.3 million in fiscal 2004 from $158.6 million in fiscal 2003. The increase in restaurant sales was due primarily to an $18.2 million increase in sales from restaurants open throughout both periods, representing comparable company-owned restaurant sales growth of 11.6%, together with $5.5 million attributable to the full-year impact in fiscal 2004 of one restaurant opened in July 2003 and one restaurant acquired in April 2004. Approximately half of this increase in comparable company-owned restaurant sales was attributable to increased entrée volume driven by improvements in table utilization and management and additional marketing, with the other half caused by increased per entrée spending, particularly increased wine and beverage sales.

Franchise Income. Franchise income increased $0.7 million, or 7.6%, to $9.5 million in fiscal 2004 from $8.8 million in fiscal 2003. The increase in franchise income was due to the full-year impact in fiscal 2004 of one additional franchisee-owned restaurant that opened in fiscal 2003 as well as a $15.9 million increase in franchisee-owned restaurant sales from those franchisee-owned restaurants open throughout both periods, representing a comparable franchisee-owned restaurant sales growth of 9.3%. This increase was partially offset by our acquisition of one franchisee-owned restaurant and the closing by the same franchisee of another franchisee-owned restaurant in April 2004.

Food and Beverage Costs. Food and beverage costs increased $5.8 million, or 10.4%, to $61.4 million in fiscal 2004 from $55.6 million in fiscal 2003. The increase was primarily due to higher restaurant sales in fiscal 2004. As a percentage of restaurant sales, food and beverage costs decreased to 33.7% in fiscal 2004 from 35.1% in fiscal 2003. The decrease in food and beverage costs as a percentage of restaurant sales was primarily due to lower meat costs, accounting for approximately 71.0% of the reduction, and lower seafood costs, accounting for 14.5% of the reduction.

Restaurant Operating Expenses. Restaurant operating expenses increased $8.9 million, or 11.9%, to $83.0 million in fiscal 2004 from $74.1 million in fiscal 2003. The increase was primarily due to higher restaurant sales in fiscal 2004. Several of the operating expenses included in this category are either fixed or semi-variable. As a result, restaurant operating expenses as a percentage of restaurant sales decreased to 45.5% in fiscal 2004 from 46.7% in fiscal 2003, primarily due to the impact of increased restaurant sales.

Marketing and Advertising. Marketing and advertising expenses increased $0.2 million, or 3.9%, to $6.7 million in fiscal 2004 from $6.5 million in fiscal 2003. Marketing and advertising expenses as a percentage of total revenues decreased to 3.5% in fiscal 2004 from 3.9% in fiscal 2003, due primarily to more selective national media spending and the termination of our arrangement with an advertising agency.

General and Administrative. General and administrative costs increased $2.1 million, or 24.4%, to $10.9 million in fiscal 2004 from $8.8 million in fiscal 2003. General and administrative costs as a percentage of total revenues increased to 5.7% in fiscal 2004 from 5.2% in fiscal 2003. This increase was primarily due to the recruitment and hiring of a new President and Chief Executive Officer as well as several other key management personnel in the areas of human resources, construction, franchise relations and marketing. This increase was also due to costs associated with our first annual restaurant managers' meeting since 2001 and higher executive bonus expense resulting from the achievement of operating performance targets in fiscal 2004.

Depreciation and Amortization. Depreciation and amortization expense decreased $0.3 million, or 4.6%, to $6.5 million in fiscal 2004 from $6.8 million in fiscal 2003. This decrease was due primarily to certain investments in furniture and equipment having become fully depreciated and a lower level of investment as a result of no new restaurants having been opened during fiscal 2004.

Pre-Opening Costs. Pre-opening costs decreased $0.1 million, or 26.8%, to $0.4 million in fiscal 2004 from $0.5 million in fiscal 2003. This decrease resulted from our acquisition of one restaurant from a franchisee in 2004 and our opening of one company-owned restaurant in 2003.

Interest Expense, net of Interest Income. Interest expense, net of interest income, increased $0.8 million, or 8.4%, to $10.3 million in fiscal 2004 from $9.5 million in fiscal 2003. This increase was primarily due to the write-off of remaining debt issuance costs of $0.7 million associated with the refinancing of our credit facility in April 2004 and increased interest rates under our then existing senior credit facility, partially offset by lower average borrowings in fiscal 2004 as compared to fiscal 2003.

Accrued Dividends and Accretion on Mandatorily Redeemable Senior Preferred Stock. Dividends and accretion of issuance discount on Senior Preferred Stock are reflected as accrued dividends and accretion on mandatorily redeemable senior preferred stock in our consolidated financial statements subsequent to the June 30, 2003 implementation date of SFAS No. 150. We currently expect to use a portion of the proceeds from this offering to redeem all of our outstanding Senior Preferred Stock. See “Use of Proceeds.”

Other. We had other expense of $0.8 million in fiscal 2004 compared to other income of $0.5 million in fiscal 2003. This decrease was due primarily to a $1.3 million expense, net of insurance proceeds, to settle a labor dispute in California in fiscal 2004.

Income Tax Expense. Income tax expense decreased by $0.6 million, or 45.3%, to $0.7 million in fiscal 2004 from $1.3 million in fiscal 2003. This decrease was primarily the result of a lower effective tax rate resulting from income tax benefits provided by discontinued operations that produced state net operating losses and increased use of tax credits available to the company.

Income from Continuing Operations. Income from continuing operations increased $3.5 million, or 119.6%, to $6.4 million from $2.9 million in fiscal 2003.

Discontinued Operations, net of Income Tax Benefit. In the fourth quarter of fiscal 2004, we closed company-owned restaurants in Sugar Land, Texas and Manhattan (UN), New York. The operations and related expenses of these locations are presented as discontinued operations. Discontinued operations increased by $2.3 million, or 137.8%, to $3.9 million in fiscal 2004 from $1.6 million in fiscal 2003. This increase was primarily due to an after-tax charge of approximately $2.9 million representing the write-down of property and equipment and certain other assets and the accrual of lease exit costs associated with the closings.

Fiscal Year 2003 (52 Weeks) Compared to Fiscal Year 2002 (52 Weeks)

Restaurant Sales. Restaurant sales increased $13.6 million, or 9.4%, to $158.6 million in fiscal 2003 from $145.0 million in fiscal 2002. This increase in restaurant sales was due to a $2.1 million, or 1.5%, increase in comparable company-owned restaurant sales (including the sales from our Sugar Land, Texas restaurant, which is included in discontinued operations, the increase in comparable company-owned restaurant sales was $2.0 million, or 1.4%, as reflected in “Summary Historical Financial and Operating Data—Other Data”), and $11.5 million attributable to the full-year impact in fiscal 2003 of three company-owned restaurants opened in fiscal 2002,
12 additional operating weeks associated with one location temporarily closed in 2002 and the partial year impact of one company-owned restaurant opened in 2003. This increase in comparable company-owned restaurant sales was attributable to a 2.2% increase in per entrée spending, partially offset by a reduction in entrée volume.

Franchise Income. Franchise income increased $0.4 million, or 5.5%, to $8.8 million in fiscal 2003 from $8.4 million in fiscal 2002. Of this increase, $0.2 million was the result of the full-year impact of one additional franchisee-owned restaurant that opened in fiscal 2002 and the partial year impact of one franchisee-owned

restaurant that opened in fiscal 2003 with the remaining $0.2 million due to a $4.0 million, or 2.4%, increase in comparable franchisee-owned restaurant sales.

Food and Beverage Costs. Food and beverage costs increased $8.9 million, or 19.1%, to $55.6 million in fiscal 2003 from $46.7 million in fiscal 2002. The increase was primarily due to higher restaurant sales in fiscal 2003. As a percentage of restaurant sales, food and beverage costs increased to 35.1% in fiscal 2003 from 32.2% in fiscal 2002, due almost entirely to higher meat costs.

Restaurant Operating Expenses. Restaurant operating expenses increased $6.9 million, or 10.4%, to $74.1 million in fiscal 2003 from $67.2 million in fiscal 2002. The increase was primarily due to higher restaurant sales in fiscal 2003. Restaurant operating expenses as a percentage of restaurant sales increased to 46.7% in fiscal 2003 from 46.3% in fiscal 2002, primarily due to higher fixed occupancy costs associated with new restaurants.

Marketing and Advertising. Marketing and advertising expenses decreased $0.1 million, or 2.0%, to $6.5 million in fiscal 2003 from $6.6 million in fiscal 2002. Marketing and advertising expenses as a percentage of total revenues decreased to 3.9% in fiscal 2003 from 4.3% in fiscal 2002, primarily due to reduced creative expenses and agency conversion costs related to our retention of a new advertising agency during fiscal 2002.

General and Administrative. General and administrative costs decreased $1.0 million, or 10.7%, to $8.8 million in fiscal 2003 from $9.8 million in fiscal 2002. General and administrative costs as a percentage of total revenues decreased to 5.2% in fiscal 2003 from 6.4% in fiscal 2002. This decrease was primarily due to reduced management education costs and several vacant management positions in the areas of human resources, education and finance.

Depreciation and Amortization. Depreciation and amortization expenses increased $0.8 million, or 12.4%, to $6.8 million in fiscal 2003 from $6.0 million in fiscal 2002. This increase was primarily attributable to the full-year impact in 2003 of three company-owned restaurants opened in fiscal 2002 and the partial year impact of one company-owned restaurant opened in fiscal 2003.

Pre-Opening Costs. Restaurant pre-opening costs decreased $1.6 million, or 75.8%, to $0.5 million in fiscal 2003 from $2.1 million in 2002, primarily as a result of fewer company-owned restaurant openings in fiscal 2003. We opened three company-owned restaurants in fiscal 2002 and one in 2003.

Interest Expense, net of Interest Income. Interest expense, net of interest income, decreased $0.1 million, or 0.5%, to $9.5 million in fiscal 2003 from $9.6 million in fiscal 2002. This decrease was primarily due to a lower average outstanding debt balance.

Accrued Dividends and Accretion on Mandatorily Redeemable Senior Preferred Stock. Dividends and accretion of issuance discount on senior preferred stock are reflected as accrued dividends and accretion on mandatorily redeemable Senior Preferred Stock in our consolidated financial statements subsequent to the June 30, 2003 implementation date of SFAS No. 150. We currently expect to use a portion of the proceeds from this offering to redeem all of our outstanding Senior Preferred Stock. See “Use of Proceeds.”

Other. Other decreased by $0.5 million, or 51.0%, to $0.5 million in fiscal 2003 from $1.0 million in fiscal 2002, due primarily to life insurance proceeds in excess of cash surrender value received in fiscal 2002 related to the death of Ruth Fertel, our founder.

Income Tax Expense. Income tax expense increased by $0.9 million to $1.3 million in fiscal 2003 from $0.4 million in fiscal 2002. This increase was primarily the result of a higher effective tax rate in 2003 resulting from a lower usage of tax credits.

Income from Continuing Operations. Income from continuing operations decreased $3.3 million, or 53.5%, to $2.9 million in fiscal 2003 from $6.2 million in fiscal 2002.

Discontinued Operations, net of Income Tax Benefit. Discontinued operations increased by $1.1 million to $1.6 million in fiscal 2003 from $0.5 million in fiscal 2002. This increase was primarily due to an after-tax charge of approximately $0.6 million representing the write-down of property and equipment and certain other assets.

Potential Fluctuations in Quarterly Results and Seasonality

Our quarterly operating results may fluctuate significantly as a result of a variety of factors. See "Risk Factors—Risks Related to Our Business," which discloses all material risks that could affect our quarterly operating results.

Our business is also subject to seasonal fluctuations. Historically, the percentage of our annual total revenues during the first and fourth fiscal quarters have been higher due, in part, to the year-end holiday season. Accordingly, results for any one quarter are not necessarily indicative of results to be expected for any other quarter or for any year, and comparable restaurant sales for any particular period may decrease. In the future, operating results may fall below the expectations of securities analysts and investors. If this occurs, the price of our common stock would likely decrease. The following table presents summary quarterly results of operations for fiscal 2003, fiscal 2004 and the first quarter of fiscal 2005.

	Quarter Ended				Quarter Ended				Quarter Ended
	March 30, 2003	June 29, 2003	September 28, 2003	December 28, 2003	March 28, 2004	June 27, 2004	September 26, 2004	December 26, 2004	March 27, 2005
	($ in millions, except per share data)								
Total revenues	$ 43.4	$ 41.2	$ 37.4	$ 45.9	$ 49.9	$ 47.5	$ 42.2	$ 52.6	$ 56.7
Costs and expenses	37.8	37.5	35.5	41.6	42.9	42.7	38.9	44.3	47.1
Operating income	$ 5.6	$ 3.7	$ 1.9	$ 4.3	$ 7.0	$ 4.8	$ 3.3	$ 8.3	$ 9.6
Interest expense, net	(2.3)	(2.3)	(2.4)	(2.5)	(3.0)	(2.9)	(2.2)	(2.3)	(4.1)
Accrued dividends and accretion on mandatorily redeemable senior preferred stock	—	—	(1.0)	(1.2)	(1.2)	(1.2)	(1.2)	(1.5)	(1.2)
Other	—	0.1	0.1	0.3	0.1	0.1	0.1	(1.0)	—
Income from continuing operations before income tax	3.3	1.5	(1.4)	0.9	2.9	0.8	(0.0)	3.5	4.4
Income tax expense	0.9	0.5	(0.0)	0.0	0.2	0.1	—	0.5	1.6
Income from continuing operations	2.4	1.0	(1.4)	0.9	2.7	0.7	—	3.0	2.8
Discontinued operations, net of income tax benefit	0.1	0.5	0.3	0.7	0.2	0.2	3.3	0.2	0.5
Net income	$ 2.3	$ 0.5	$ (1.7)	$ 0.2	$ 2.5	$ 0.5	$ (3.3)	$ 2.8	$ 2.3
Less dividends earned on mandatorily redeemable senior preferred stock and accretion of discount	1.1	1.1	—	—	—	—	—	—	—
Less dividends earned on junior preferred stock	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.4	1.4
Net income (loss) available to common shareholders	$ (0.0)	$ (1.8)	$ (2.9)	$ (1.1)	$ 1.1	$ (0.9)	$ (4.6)	$ 1.4	$ 0.9
Basic earnings (loss) per share:									
Continuing operations	$ 0.01	$ (0.11)	$ (0.22)	$ (0.04)	$ 0.11	$ (0.05)	$ (0.11)	$ 0.13	$ 0.11
Discontinued operations	(0.01)	(0.04)	(0.03)	(0.06)	(0.01)	(0.02)	(0.28)	(0.02)	(0.04)
Basic earnings (loss) per share	$ (0.00)	$ (0.15)	$ (0.25)	$ (0.10)	$ 0.10	$ (0.07)	$ (0.39)	$ 0.11	$ 0.07
Diluted earnings (loss) per share:									
Continuing operations	$ 0.01	$ (0.11)	$ (0.22)	$ (0.04)	$ 0.11	$ (0.05)	$ (0.11)	$ 0.13	$ 0.10
Discontinued operations	(0.01)	(0.04)	(0.03)	(0.06)	(0.01)	(0.02)	(0.28)	(0.02)	(0.04)
Diluted earnings (loss) per share	$ (0.00)	$ (0.15)	$ (0.25)	$ (0.10)	$ 0.10	$ (0.07)	$ (0.39)	$ 0.11	$ 0.06
Shares (in millions) used in computing net income per common share:									
Basic	11.7	11.7	11.7	11.7	11.7	11.7	11.7	12.4	13.0
Diluted	11.7	11.7	11.7	11.7	11.7	11.7	11.7	12.4	14.2
Quarterly percentage of annual revenues	25.9%	24.6%	22.2%	27.3%	26.0%	24.7%	22.0%	27.3%	
Operating margin(1)	12.9%	9.0%	5.1%	9.2%	14.0%	10.1%	7.8%	15.8%	17.0%

(1) Our measure of operating margin consists of operating income for a period divided by the total revenues for such period. Operating margin is used by our management and investors to determine our ability to control expenses in relation to our total revenues, which allows our management and investors to more thoroughly evaluate our current performance as compared to past performance. We believe it is useful to our management and investors when presented on a quarterly basis because it allows our management and investors to accurately view seasonal fluctuations in these operating results.

During the fiscal quarters ended December 28, 2003, and September 26, 2004, we recorded charges to earnings of $1.0 million and $5.3 million, respectively, related to impairment charges on discontinued operations. During the fiscal quarter ended December 26, 2004, we recorded a charge to earnings of $0.6 million related to contract termination costs associated with lease obligations and accrued $1.6 million related to certain legal matters. During the fiscal quarter ended June 27, 2004, we wrote off $0.8 million of deferred financing costs and in the fiscal quarter ended March 27, 2005 we wrote off $1.6 million in deferred financing costs.

Liquidity and Capital Resources

Our principal sources of cash have been net cash provided by operating activities and borrowings under our senior credit facilities. Our principal uses of cash historically have been, and in the future are expected to be, for new company-owned restaurant openings, other capital expenditures and debt service.

Cash Flows

The following table summarizes our primary sources of cash in the periods presented:

	Fiscal Year			First Fiscal Quarter	
	2002	2003	2004	2004	2005
	(dollars in thousands)				
Net cash provided by (used in):					
Operating activities	$ 15,589	$14,614	$ 20,970	$ 6,116	$ 6,263
Investing activities	(13,105)	(7,327)	(3,518)	(362)	(1,324)
Financing activities	(727)	(7,677)	(18,676)	(6,711)	(6,791)
Net increase (decrease) in cash and cash equivalents	$ 1,757	$ (390)	$ (1,224)	$ (957)	$ (1,852)

Our operations have not required significant working capital and, like many restaurant companies, we have been able to operate with negative working capital. Restaurant sales are primarily for cash or by credit card, and restaurant operations do not require significant inventories or receivables. In addition, we receive trade credit for the purchase of food, beverage and supplies, thereby reducing the need for incremental working capital to support growth.

Operating Activities. Net cash provided by operating activities was $6.3 million in the first quarter of fiscal 2005 compared to $6.1 million in the first quarter of fiscal 2004. This increase was primarily due to a $0.7 million increase in net income which was partially offset by changes in operating assets and liabilities.

Net cash provided by operating activities was $21.0 million in fiscal 2004 compared to $14.6 million in fiscal 2003. This increase was primarily due to a $1.2 million increase in net income, a $4.6 million increase in loss on impairment, and a $2.8 million increase in accrued dividends and accretion on mandatorily redeemable senior preferred stock. In fiscal 2002, we had $15.6 million of net cash provided by operating activities.

Investing Activities. Net cash used in investing was $1.3 million in the first quarter of fiscal 2005 compared to $0.3 million in the first quarter of fiscal 2004. This increase was the result of increased capital expenditures related to major remodels and capital expenditures of existing restaurants as well as expenditures associated with new restaurant construction.

Net cash used in investing activities was $3.5 million in fiscal 2004 compared to $7.3 million in fiscal 2003. This decrease was due to no new company-owned restaurant openings in fiscal 2004 as compared to two openings in fiscal 2003. In fiscal 2002, net cash used in investing activities was $13.1 million. Net cash used in investing activities varied in the periods presented based on the number of new company-owned restaurants opened and the maintenance of our existing restaurant base during the period. Net cash used in investing activities was also affected by purchases of property and equipment, which include purchases of information technology systems and certain other expenditures related to the operation of our corporate headquarters.

Financing Activities. Net cash used by financing activities totaled $6.8 million in the first quarter of fiscal 2005 compared $6.7 million in the first quarter of fiscal 2004. During the first quarter of fiscal 2005 we entered into a new senior credit facility that allowed us to redeem $30.0 million of Senior Preferred Stock, redeem the remaining senior subordinated notes and refinance existing debt. We had a net debt reduction of $6.0 million and incurred approximately $0.8 million in debt issuance costs.

Net cash used by financing activities totaled $18.7 million in fiscal 2004 compared to $7.7 million in fiscal 2003. This increase was primarily driven by the net debt reductions of $16.5 million in fiscal 2004 compared to $7.4 million in fiscal 2003. In fiscal 2002, net cash used by financing activities was $0.7 million.

Capital Expenditures

Capital expenditures totaled $1.3 million in the first quarter of fiscal 2005, compared to $0.3 million in the first quarter of fiscal 2004 and were primarily for expenditures to remodel and upgrade existing locations as well as expenditures associated with new restaurant construction. Capital expenditures totaled $3.5 million in fiscal 2004, $7.5 million in fiscal 2003 and $13.6 million in fiscal 2002 and were primarily for the acquisition of equipment and leasehold improvements for company-owned restaurants opened in 2003 and 2002 as well as expenditures to remodel and upgrade existing locations.

We anticipate capital expenditures in the future will increase to the extent we open company-owned restaurants and opportunistically acquire franchisee-owned restaurants and related rights. We currently expect to open five to six company-owned restaurants per year in each of the next several years. Our average net investment for the four company-owned restaurants opened since the beginning of 2002, excluding discontinued operations, which includes the cost of leasehold improvements, furniture, fixtures, equipment and pre-opening costs, net of tenant allowances and capitalized interest, was approximately $2.1 million. We believe that our net investment in future openings will range between $1.5 million and $4.0 million depending upon underlying individual restaurant economics and our ability to use our resources to obtain our fully-capitalized return-on-investment targets. These capital expenditures will primarily be funded by cash flows from operations and, if necessary, by the use of our revolving credit facility, depending upon the timing of expenditures.

New Senior Credit Facilities

We entered into our new senior credit facilities on March 11, 2005. Our new senior credit facilities provide for a six-year term loan of $105.0 million and a five-year revolving credit facility (including letters of credit) of up to $15.0 million. We used the net proceeds of the borrowings under our new senior credit facilities to prepay and retire borrowings under our previous credit facility, to prepay the remaining $11.0 million of our 13% senior subordinated notes due 2006, to repurchase shares of and pay accrued dividends on the Senior Preferred Stock in an aggregate amount of $30.0 million and to pay related fees and expenses.

As of March 27, 2005, we had an aggregate of $105.0 million of outstanding indebtedness, which consisted solely of term loan borrowings under our new senior credit facilities at a weighted average interest rate of 6.0%. We had two outstanding letters of credit as of March 27, 2005 totaling $1.3 million. We were in compliance with our financial and restrictive covenants under our senior credit facilities at the end of fiscal 2004 and at March 27, 2005.

Borrowings under the revolving credit facility bear interest at either (1) the sum of the base rate plus a margin based on our consolidated pricing leverage ratio, ranging from 1.25% to 2.25%, or (2) the sum of the Eurodollar rate plus a margin based on our consolidated pricing leverage ratio, ranging from 2.25% to 3.25%. Borrowings under the term loan bear interest at the base rate plus 2.0% per year. The base rate equals the higher of the prime rate and the overnight federal funds rate plus 0.5%. Our obligations under our new senior credit facilities are guaranteed by each of our existing and future subsidiaries and are secured by substantially all of our assets and the capital stock of our subsidiaries.

Our new senior credit facilities contain various financial covenants, including a maximum ratio of total indebtedness to EBITDA, as defined in the senior credit agreement, a minimum ratio of EBITDA plus certain rental expenses to fixed charges (including consolidated maintenance capital expenditures) and a minimum ratio of EBITDA plus certain rental expenses to fixed charges (including consolidated capital expenses). Our new senior credit facilities also contain covenants restricting certain corporate actions, including asset dispositions, acquisitions, the payment of dividends, changes of control, the incurrence of indebtedness, providing financing and investments and transactions with affiliates. Our new senior credit facilities also contain customary events of default.

We expect to use approximately $49.3 million of the net proceeds of this offering to repay borrowings under our new senior credit facilities. In addition, we expect to use approximately $87.6 million of the net proceeds from this offering to redeem or repurchase all of our outstanding Senior Preferred Stock and Junior Preferred Stock and pay accrued but unpaid dividends thereon. Some of our principal stockholders own shares of our preferred stock and will receive a portion of the net proceeds from this offering. Our new senior credit facilities require us to use at least 50% of the net proceeds from all equity offerings, including this offering, to repay indebtedness under these facilities. Accordingly, we need to obtain the consent of the lenders under our new senior credit facilities to use the net proceeds from this offering in the manner described above, which consent we are currently seeking. If we are unable to obtain the required consents, we will use 50% of the net proceeds from this offering to repay indebtedness under our new senior credit facilities and use the remaining net proceeds to redeem all of our outstanding Senior Preferred Stock and repurchase a portion of our outstanding Junior Preferred Stock.

We believe that net cash provided by operating activities, net proceeds from this offering and borrowings under our new senior credit facilities will be sufficient to fund currently anticipated working capital, planned capital expenditures and debt service requirements for the next twenty-four months. We regularly review acquisitions and other strategic opportunities, which may require additional debt or equity financing. We currently do not have any pending agreements or understandings with respect to any acquisition or other strategic opportunities.

Contractual Obligations

The following table summarizes our contractual obligations as of March 27, 2005:

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(in millions)				
Long-term debt obligations	$105.0	$ 3.3	$ 9.9	$14.4	$ 77.4
Mandatorily redeemable senior preferred stock	11.0	—	—	—	11.0
Operating lease obligations	75.2	8.4	16.7	14.8	35.3
Total	$191.2	$ 11.7	$26.6	$29.2	$ 123.7

Off-Balance Sheet Arrangements

We have a guaranteed operating lease for the franchisee-owned restaurant in Detroit, Michigan. The operating lease requires annual minimum lease payments of $0.1 million through the August 2005 base term, and to the extent of any exercise of lease renewal options by the franchisee.

Certain Charges Related to this Offering

We anticipate incurring a pre-tax charge of approximately $0.7 million associated with our early extinguishment of debt with the proceeds of this offering.

Critical Accounting Policies and Estimates

Our discussion and analysis of results of operations and financial condition are based upon our audited consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements is based on our critical accounting policies that require us to make estimates and judgments that affect the amounts reported in those financial statements. Our significant accounting policies, which may be affected by our estimates and assumptions, are more fully described in Note 2 to our consolidated financial statements that appear elsewhere in this prospectus. Critical accounting policies are those that we believe are most important to portraying our financial condition and results of operations and also require the greatest amount of subjective or complex judgments by management. Judgments or uncertainties regarding the application of these policies may result in materially different amounts being reported under different conditions or using different assumptions. We consider the following policies to be the most critical in understanding the judgments that are involved in preparing the combined financial statements.

Equipment and Leasehold Improvements

Equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization. Equipment consists primarily of restaurant equipment, furniture, fixtures and smallwares. Depreciation is generally calculated using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term, including renewal periods, or the estimated useful life of the asset. Repairs and maintenance are expensed as incurred; renewals and betterments are capitalized. Estimated useful lives are generally as follows: equipment—3 to 10 years; furniture and fixtures—5 to 7 years. Judgments and estimates made by us related to the expected useful lives of these assets are affected by factors such as changes in economic conditions and changes in operating performance. If these assumptions change in the future, we may be required to record impairment charges for these assets.

Impairment of Long-Lived Assets

We review property and equipment (which includes leasehold improvements) for impairment when events or circumstances indicate these assets might be impaired. We test impairment using historical cash flow and other relevant facts and circumstances as the primary basis for our estimates of future cash flows. The analysis is performed at the restaurant level for indicators of permanent impairment. In determining future cash flows, significant estimates are made by us with respect to future operating results of each restaurant over its remaining lease term. If assets are determined to be impaired, the impairment charge is measured by calculating the amount by which the asset-carrying amount exceeds its fair value. The determination of asset fair value is also subject to significant judgment. This process requires the use of estimates and assumptions, which are subject to a high degree of judgment. If these assumptions change in the future, we may be required to record impairment charges for these assets.

During 2003 and 2004, we recorded losses on impairment of long-lived assets in the amounts of $1.0 million and $5.6 million, respectively. These charges were related to the partial impairment of fixtures and equipment and leasehold improvements at two company-owned restaurants that were closed in 2004 and are included in discontinued operations for the relevant periods.

Goodwill and Other Indefinite Lived Assets

Goodwill and other indefinite lived assets resulted primarily from our acquisitions of franchisee-owned restaurants. The most significant acquisitions were completed in 1996 and 1999. Goodwill and other intangible assets with indefinite lives are not subject to amortization. However, such assets must be tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and at least annually. We completed our most recent impairment test in December 2004, and determined that there were no impairment losses related to goodwill and other indefinite lived assets. In assessing the recoverability of goodwill and other indefinite lived assets, market values and projections regarding estimated future cash flows

and other factors are used to determine the fair value of the respective assets. The estimated future cash flows were projected using significant assumptions, including future revenues and expenses. If these estimates or related projections change in the future, we may be required to record impairment charges for these assets.

Insurance Liability

We maintain various insurance policies for workers' compensation, employee health, general liability, and property damage. Pursuant to those policies, we are responsible for losses up to certain limits and are required to estimate a liability that represents our ultimate exposure for aggregate losses below those limits. This liability is based on management's estimates of the ultimate costs to be incurred to settle known claims and claims not reported as of the balance sheet date. Our estimated liability is not discounted and is based on a number of assumptions and factors, including historical trends, actuarial assumptions, and economic conditions. If actual trends differ from our estimates, our financial results could be impacted.

Income Taxes

We have accounted for, and currently account for, income taxes in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109, Accounting for Income Taxes. This Statement establishes financial accounting and reporting standards for the effects of income taxes that result from an enterprise's activities during the current and preceding years. It requires an asset and liability approach for financial accounting and reporting of income taxes. We recognize deferred tax liabilities and assets for the future consequences of events that have been recognized in our consolidated financial statements or tax returns. In the event the future consequences of differences between financial reporting bases and tax bases of our assets and liabilities result in a net deferred tax asset, an evaluation is made of the probability of our ability to realize the future benefits indicated by such asset. A valuation allowance related to a deferred tax asset is recorded when it is more likely than not that some portion or all of the deferred tax asset will not be realized. The realization of such net deferred tax will generally depend on whether we will have sufficient taxable income of an appropriate character within the carry-forward period permitted by the tax law. Without sufficient taxable income to offset the deductible amounts and carry forwards, the related tax benefits will expire unused. We have evaluated both positive and negative evidence in making a determination as to whether it is more likely than not that all or some portion of the deferred tax asset will not be realized. Measurement of deferred items is based on enacted tax laws.

Recent Accounting Pronouncements

In April 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. SFAS No. 150 changes the accounting for certain financial instruments that, under previous guidance, could be classified as equity or "mezzanine" equity, by requiring those instruments to be classified as liabilities (or assets in some circumstances) in the statement of financial position. SFAS No. 150 requires disclosure regarding the terms of those instruments and settlement alternatives. This statement was effective for all financial instruments entered into or modified after May 31, 2003, and was otherwise effective at the beginning of the first interim period beginning after June 15, 2003. The restatement of financial statements for earlier years presented is not permitted. We adopted SFAS No. 150 effective June 30, 2003 (the beginning of our 2003 third quarter). Effective with the adoption of SFAS No. 150, we reported the mandatorily redeemable senior preferred stock on the balance sheet as a liability and the accrued dividends and accretion on mandatorily redeemable senior preferred stock prior to income before income taxes on the statement of operations. Prior to adoption of SFAS No. 150 in accordance with previous guidance, we reported mandatorily redeemable senior preferred stock on the balance sheet as mezzanine equity and the accrued dividends and accretion on mandatorily redeemable senior preferred stock in retained earnings on the consolidated balance sheet.

In November 2004, the FASB issued Statement of Financial Accounting Standards No. 151 "Inventory Costs, an amendment of ARB No. 43, Chapter 4" ("Statement 151"). The amendments made by Statement 151 clarify that abnormal amounts of idle facility expense, freight, handling costs and wasted materials (spoilage) should be

recognized as current-period charges and require the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. The guidance is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Earlier application is permitted for inventory costs incurred during fiscal years beginning after November 23, 2004. We have assessed the impact of Statement 151, and do not expect it to have an impact on our financial position, results of operations or cash flows.

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 152 "Accounting for Real Estate Time-Sharing Transactions—An Amendment to FASB Statements No. 66 and 67" ("Statement 152"). Statement 152 amends FASB Statement No. 66, "Accounting for Sales of Real Estate," to reference the financial accounting and reporting guidance for real estate time-sharing transactions that is provided in AICPA Statement of Position (SOP) 04-2, "Accounting for Real Estate Time-Sharing Transactions." Statement 152 also amends FASB Statement No. 67, "Accounting for Costs and Initial Rental Operations of Real Estate Projects," to state that the guidance for (a) incidental operations and (b) costs incurred to sell real estate projects does not apply to real estate time-sharing transactions. The accounting for those operations and costs is subject to the guidance in SOP 04-2. Statement 152 is effective for financial statements for fiscal years beginning after June 15, 2005. We have assessed the impact of Statement 152, and do not expect it to have an impact on our financial position, results of operations or cash flows.

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 153 "Exchanges of Non-monetary assets—an amendment of APB Opinion No. 29" ("Statement 153"). Statement 153 amends Accounting Principles Board ("APB") Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. Statement 153 does not apply to a pooling of assets in a joint undertaking intended to fund, develop, or produce oil or natural gas from a particular property or group of properties. The provisions of Statement 153 shall be effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Early adoption is permitted and the provisions of Statement 153 should be applied prospectively. We have assessed the impact of Statement 153, and do not expect it to have an impact on our financial position, results of operations or cash flows.

In December of 2004, the FASB issued SFAS No. 123R, "Share-Based Payment," which replaces the requirements under SFAS No. 123 and APB No. 25. The statement sets accounting requirements for "share-based" compensation to employees, including employee stock purchase plans, and requires all share-based payments, including employee stock options, to be recognized in the financial statements based on their fair value. It carries forward prior guidance on accounting for awards to non-employees. The accounting for employee stock ownership plan transactions will continue to be accounted for in accordance with Statement of Position (SOP) 93-6, while awards to most non-employee directors will be accounted for as employee awards. This Statement is effective for public companies that do not file as small business issuers as of the beginning of their first annual period beginning after June 15, 2005 (effective December 26, 2005 for us). We have not yet determined the effect the new Statement will have on our consolidated financial statements as we have not completed our analysis; however, we expect the adoption of this Statement to result in a reduction of net income that may be material.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

We are exposed to market risk from fluctuations in interest rates. For fixed rate debt, interest rate changes affect the fair market value of such debt but do not impact earnings or cash flows. Conversely for variable rate debt, including borrowings under our new senior credit facilities, interest rate changes generally do not affect the fair market value of such debt, but do impact future earnings and cash flows, assuming other factors are held constant. At March 27, 2005, we had $105.0 million of variable rate debt. Holding other variables constant (such as foreign exchange rates and debt levels), a hypothetical immediate one percentage point change in interest rates would be expected to have an impact on pre-tax earnings and cash flows for fiscal year 2005 of approximately

$1.0 million. After giving effect to this offering and the application of net proceeds therefrom, we would have had $55.7 million of variable rate debt at March 27, 2005, and, holding other variables constant, a hypothetical immediate one percentage point change in interest rates would be expected to have an estimated impact on pre-tax earnings and cash flows for fiscal year 2005 of approximately $0.5 million.

Foreign Currency Risk

In accordance with our franchise agreements relating to our international locations, we receive royalties from those franchisees in U.S. dollars, and therefore we believe that fluctuations in foreign exchange rates do not present a material risk to our operations.

Commodity Price Risk

We are exposed to market price fluctuations in beef and other food product prices. Given the historical volatility of beef and other food product prices, this exposure can impact our food and beverage costs. Because we typically set our menu prices in advance of our beef and other food product purchases, we cannot quickly take into account changing costs of beef and other food items. To the extent that we are unable to pass the increased costs on to our guests through price increases, our results of operations would be adversely affected. We do not use financial instruments to hedge our risk to market price fluctuations in beef or other food product prices at this time.

Effects of Inflation

Components of our operations subject to inflation include food, beverage, lease and labor costs. Our leases require us to pay taxes, maintenance, repairs, insurance and utilities, all of which are subject to inflationary increases. We believe inflation has not had a material impact on our results of operations in recent years.

Stock Options to be issued in connection with this offering under our 2005 Long-Term Equity Incentive Plan

We anticipate that in connection with the offering we will grant options to purchase an aggregate of 350,000 shares of our common stock to 116 officers and employees and one director. All of these options will have an exercise price equal to the initial public offering price of our common stock in this offering, and will be subject to pro rata vesting on a daily basis over a five-year period. As the exercise price will equal or exceed the market price upon the date of grant, no compensation expense will be recorded under the intrinsic-value-based method of accounting. See “Stock-Based Compensation” in Notes to Consolidated Financial Statements.

Value of Equity Compensation and Warrants issued in 2004

In November 2004, we issued options to purchase 147,388 shares of our common stock with an exercise price of approximately $0.48 per share under the 2000 Stock Plan and 1,167,487 shares of restricted stock for less than $0.01 per share under the 2004 Restricted Stock Plan. The fair value of our Class A Common Stock on the date of issuance was zero. The fair value was determined by the Board of Directors with the assistance of a contemporaneous appraisal of the enterprise value of the company performed by a third party in March 2004. We issued an additional warrant exercisable for 52,880 shares of Class A Common Stock and an additional warrant exercisable for 70,508 shares of Class B Common Stock pursuant to the anti-dilution provisions of the initial warrant agreements. These additional warrants were valued at zero, consistent with the value of the restricted shares of Class A Common stock sold at the time of the warrant issue.

Significant Factors, Assumptions and Methodologies Used in Determining Fair Value

Determining the fair value of our common stock requires making complex and subjective judgments. The contemporaneous appraisal of the enterprise value of the company performed by a third party in March 2004 applied an income approach and a market approach to determine the enterprise value of our company and did not then anticipate an initial public offering. The market value approach requires identifying a comparable group of

public companies, computing average financial ratios and applying these multiples to the company being valued. To apply the income approach, both a discounted cash flow method and capitalization of income method are used. The upper end of the range of the contemporaneous appraisal of enterprise value implied a multiple of 6.8 times our trailing 12-month EBITDA at March 2004. We applied this multiple to our trailing 12-month EBITDA at October 2004 to determine the enterprise value that was utilized in calculating the value of the restricted stock and warrants. We compared this multiple to the trailing 12-month EBITDA multiples of six publicly-traded companies in our industry to determine the reasonableness of the multiple used to value our company. The market multiples ranged from 6.4 times 12-month trailing EBITDA to 7.4 times 12-month trailing EBITDA and averaged 6.7 times 12-month trailing EBITDA. Our valuation used a multiple of 6.8 times our trailing 12-month EBITDA at November 2004 to arrive at an estimate of our company's value if it were then publicly traded. We allocated the enterprise value to the then outstanding debt, senior preferred stock and junior preferred stock based on estimated fair value to arrive at enterprise value attributable to common shareholders. After allocating the value to the outstanding debt and preferred stock, no value remained to the common equity. The restricted shares of Class A common stock include limitations on the ability to sell, pledge or otherwise transfer any interest in any vested shares, are subject to an daily vesting over an approximate five year period and are subordinate to the interest of preferred stock holders.

Significant Factors Contributing to the Difference Between Fair Value of the Class A and Class B Common Stock at November 2004 and the Initial Public Offering Price of our Common Stock in this Offering

Giving effect to the Recapitalization and this offering and assuming an initial public offering price of $16.00 per share (the midpoint of the price range set forth on the cover page of this prospectus), we expect to have 22,412,746 shares of common stock and no shares of Class B common stock outstanding.

We believe that there are several factors that account for the difference in the implied valuation of our common stock being used in establishing the initial public offering price for our common stock in this offering as compared to the implied valuation used in connection with the issuance of equity interests in November 2004. See "Underwriting" for a discussion of the factors that will be considered by the representatives of the underwriters in determining our initial public offering price.

The increased value of our common stock since November 2004 is due in part to our improved operating performance. For example, we experienced comparable restaurant sales increases of 13.0% and 11.9% for the fourth quarter of 2004 and first quarter of 2005, compared to comparable restaurant sales increases of 3.0% and 11.9% during the fourth quarter of 2003 and first quarter of 2004, respectively. Continuing our improved operating performance, our comparable restaurant sales increased by approximately 11.1% for the six months ended June 26, 2005 compared to the six months ended June 27, 2004. In addition to favorable market conditions, we believe our expected operating results for 2005 have further improved due to our continued implementation of key operating initiatives since the November 2004 issuances. See "Business—Our Strategy."

Most of the difference between the results of the valuation of our common stock in connection with the issuances in November 2004 and the proposed initial public offering price is attributable to changes in our capital structure since November 2004, including our proposed use of proceeds in connection with this offering. For example, on March 11, 2005, we used the net proceeds of borrowings under our new senior credit facilities to redeem our 13% senior subordinated notes due 2006 and to repurchase shares of and pay accrued dividends on the Senior Preferred Stock, which earns dividends at an annual rate of 14%, in an aggregate amount of $30.0 million. In addition, we currently expect to use the net proceeds of this offering to redeem our remaining Senior Preferred Stock and Junior Preferred Stock, which earn dividends at annual rates of 14% and 8%, respectively, and to reduce borrowings under our new senior credit facilities.

We also considered specific liquidity factors, including the lack of an active market for our common stock, as well as the increased risk of forfeiture, in further discounting the value of our common stock as of the November 2004 issuances. Although it is reasonable to expect the completion of the initial public offering will add value to the shares issued in exchange for the Class A and B shares because they will have increased liquidity and marketability, the amount of additional value can be measured with neither precision nor certainty.

BUSINESS

Our Company

We believe that we are the largest upscale steakhouse company in the United States, based on total company- and franchisee-owned restaurants as published by Nation's Restaurant News in a July 2004 survey. Our menu features a broad selection of high-quality USDA Prime grade steaks and other premium offerings served in Ruth's Chris' signature fashion—"sizzling" and topped with seasoned butter—complemented by other traditional menu items inspired by our New Orleans heritage. Our restaurants reflect our 40-year commitment to the core values instilled by our founder, Ruth Fertel, of caring for our guests by delivering the highest quality food, beverages and service in a warm and inviting atmosphere. We believe that Ruth's Chris is currently one of the strongest brands in fine dining.

We believe that we offer a dining experience that appeals to families and special occasion diners, in addition to the business clientele traditionally served by upscale steakhouses. We believe this broad appeal provides us with opportunities to expand into a wide range of markets, including many markets not traditionally served by upscale steakhouses.

We offer USDA Prime grade steaks that are aged and prepared to exacting company standards and cooked in 1800-degree broilers. We also offer veal, lamb, poultry and seafood dishes, and a broad selection of appetizers, including New Orleans-style barbequed shrimp, mushrooms stuffed with crabmeat, shrimp remoulade, Louisiana seafood gumbo, onion soup au gratin and six to eight salad variations. We complement our distinctive food offerings with an award-winning wine list, typically featuring bottles priced at between $28 to $700 and many selections offered by the glass.

There are 88 Ruth's Chris restaurants, of which 39 are company-owned and 49 are franchisee-owned, including ten international franchisee-owned restaurants in Mexico, Hong Kong, Taiwan and Canada. In fiscal 2004, we had total revenues of $192.2 million and operating income of $23.3 million, representing increases from fiscal 2003 of 14.6% and 50.6%, respectively. In the first quarter of fiscal 2005, we had total revenues of $56.7 million and operating income of $9.6 million, representing increases from the first quarter of fiscal 2004 of 13.5% and 37.1%, respectively. For additional information concerning our recent financial results, see "Selected Consolidated Financial Data" beginning on page 20 of this prospectus.

Our Brand History

We were founded in 1965 when Ruth Fertel mortgaged her home for $22,000 to purchase the "Chris Steak House," a 60-seat restaurant located near the New Orleans Fair Grounds racetrack. After a fire destroyed the original restaurant, Ruth relocated her restaurant to a new 160-seat facility nearby. As the terms of the original purchase prevented the use of the "Chris Steak House" name at a new location, Ruth added her name to that of the original restaurant—thus creating the "Ruth's Chris Steak House" brand. Our expansion began in 1972, when Ruth opened a second restaurant in Metairie, a suburb of New Orleans. In 1976, the first franchisee-owned Ruth's Chris Steak House opened in Baton Rouge, Louisiana.

Restaurant Industry Overview

According to the National Restaurant Association (the "NRA"), restaurant industry sales in 2004 were approximately $454 billion, which represented approximately 4% of the U.S. gross domestic product. The NRA projects that 2005 restaurant industry sales will be $476 billion, which would mark the fourteenth consecutive year of real sales growth for the industry and a 4.9% increase over 2004. Since 1970, the industry has grown at a compound annual growth rate of 7.1%. Restaurants accounted for 46.7% of total food expenditures in the United States in 2004, up from 25.0% in 1955. By 2010, restaurants are projected to account for 53.0% of total food expenditures.

Technomic, Inc., a national consulting and research firm, projects that full-service restaurants will grow at a higher rate than the total industry, with the high-end steakhouse segment expected to grow at a 6.0% annual rate from 2003 to 2008. More than 25% of U.S. households had annual incomes of at least $75,000 in 2004, up from

20.5% in 1993. The Economist Intelligence Unit estimates that real disposable personal income will increase 3.9% in 2005, following an increase of 3.4% in 2004. Increases in household income historically have led to growth in both total expenditures for food-away-from-home and the proportion of food expenditures allocated to food-away-from-home. In addition, according to Fitch Ratings, the decrease in the size of U.S. households and the aging of the U.S. population have contributed to an increase in food-away-from-home expenditures. Fitch Ratings believes that these trends will continue to increase demand in the restaurant industry over the next 10 to 20 years.

Our Strengths

We believe that the key strengths of our business model are the following:

Premier Upscale Steakhouse Brand

We believe that Ruth's Chris is currently one of the strongest brands in the fine dining segment of the restaurant industry. We and our restaurants have received numerous awards, including, most recently, being named "America's Best Steakhouse" in September 2004 by *Restaurants & Institutions* magazine. In addition, we have been recognized for our award-winning core wine list, for which 72 of our restaurants received "Awards of Excellence" from *Wine Spectator* magazine in 2004.

Superior Dining Experience

We seek to exceed our guests' expectations by offering high-quality food with courteous, friendly service in the finest tradition of Southern hospitality. Our entire restaurant staff is dedicated to ensuring that our guests enjoy a superior dining experience. Our team-based approach to table service is designed to enhance the frequency of guest contact and speed of service without intruding on the guest experience.

Broad Appeal

We believe that the combination of our high quality food offerings, friendly and attentive service and warm and inviting atmosphere creates a dining experience that appeals to a wide range of guests, including families, special occasion diners and business clientele. We believe that this broad appeal gives us the opportunity to enter into many new markets, including markets not traditionally served by upscale steakhouses. In addition, we believe that the diversity of our customer base reduces our exposure to fluctuations in the spending habits of any particular group of guests.

Attractive Unit Economics

We believe that we have successfully operated restaurants in a wide range of markets and achieved attractive rates of return on our invested capital. We believe that this historical success provides us with negotiating leverage during the initial phase of new restaurant construction, and has permitted us to open new restaurants at what we believe to be favorable levels of investment. The strength of our brand has allowed us to generate high unit volumes within one to two years of opening in new markets. Our four newest company-owned restaurants generated average unit volumes in excess of $5.0 million in fiscal 2004 and $1.4 million in the first quarter of fiscal 2005, compared to average unit volumes of approximately $4.7 million in fiscal 2004 and $1.4 million in the first quarter of fiscal 2005 for our entire existing company-owned restaurant base. In addition, each of our existing company-owned restaurants generated positive cash flow in each of fiscal 2004 and the first quarter of fiscal 2005.

Experienced, Committed Management Team

The members of our senior management team average nearly 20 years of restaurant industry experience. Craig Miller, our President and Chief Executive Officer, has over 40 years of industry experience, including periods as the head of publicly traded restaurant corporations, most notably as President and Chief Executive Officer of Uno Restaurant Corporation. Mr. Miller was elected Chairman of the National Restaurant Association, the leading business association for the restaurant industry, and began his one year term in this office in May 2005. Our management team has a meaningful equity ownership stake in our company and is committed to growing our business by building on the core strengths of our business model. Following this offering, our management team will collectively own, through restricted stock and options subject to vesting, approximately 8.5% of our common stock on a fully diluted basis.

Our Strategy

We believe there are significant opportunities to grow our business, strengthen our competitive position and enhance our brand through the continued implementation of the following strategies:

Improve Profitability

We intend to improve profitability by continuing to implement key operating initiatives. These initiatives have helped us to increase our comparable restaurant sales in each of the last eight quarters, including increases of between 10% and 13% in each fiscal quarter since the beginning of fiscal 2004, expand our operating margins from 9.2% in fiscal 2003 to 12.1% in fiscal 2004 and from 14.1% in the first quarter of fiscal 2004 to 17.0% in the first quarter of fiscal 2005. These operating initiatives include:

- ensuring consistency of food quality through more streamlined preparation and presentation;
- increasing our emphasis on wine sales by providing wine education for our employees;
- enhancing brand awareness through increased marketing at the national, regional and local levels;
- enhancing and/or developing innovative marketing programs, such as our website, www.ruthschris.com, Ruth's Chris gift cards and a recognition program for our frequent guests; and
- improving guest traffic through increased focus on table utilization and efficiency, including our adoption of an online reservation and table management system.

Expand Restaurant Base

We believe that the 50 most populous markets in the United States could support an additional 75 to 100 company-owned and franchisee-owned Ruth's Chris restaurants, based on our analysis of current demand and our competitors penetration of those markets. Further, we believe there is potential for an additional 25 to 50 Ruth's Chris restaurants in smaller markets in the United States. Therefore, we continue to evaluate opportunities to open new Ruth's Chris restaurants in both new and existing markets.

Company-owned restaurants: We currently expect to open five to six company-owned restaurants per year in each of the next several years. We have signed leases for four locations due to open in 2005 and we are currently in negotiations with potential lessors in 12 locations in which we plan to open new restaurants.

Franchisee-owned restaurants: We expect new and existing franchisees to open three to four new Ruth's Chris restaurants in 2005, including two that have already opened, and five to six new Ruth's Chris restaurants in each of the next several years. Our franchise income, which consists of a 5% royalty fee on all sales from our franchisee-owned restaurants, totaled $9.5 million, comprising approximately 5% of our total revenues, in fiscal 2004.

Expand Relationships with New and Existing Franchisees

We intend to grow our franchising business by developing relationships with a limited number of new franchisees and by expanding the rights of existing franchisees to open new restaurants. We believe that building relationships with quality franchisees is a cost-effective way to strengthen the Ruth's Chris brand and generate additional revenues. While franchisees opened ten Ruth's Chris restaurants from 1999 to the end of 2004, we only granted one new franchisee right during that period, despite significant demand. We also intend to continue to focus on providing operational guidance to our franchisees, including the sharing of "best practices" from our company-owned restaurants.

Site Selection, Development and Design

Our evaluation of prospective restaurant sites includes analysis of population density, potential population growth and demographic characteristics of the surrounding area, as well as research concerning accessibility, visibility, surrounding traffic patterns, the number and proximity of competitive restaurants and the potential return on invested capital.

The costs of opening a new Ruth's Chris Steak House depend upon, among other things, the location and size of the site and the extent of any renovation required. While we generally lease our company-owned restaurant sites, we own the land and building for eight company-owned restaurants. Our future plans include both leasing and owning restaurant locations, depending upon which alternative provides us with the highest return on our capital. For leased restaurants, we currently target an average cash investment of approximately $2.5 million per restaurant, net of tenant allowances but including pre-opening expenses.

Our designers use standard styles in our restaurant interiors, although each location is tailored to reflect local tastes and preferences. Our restaurants typically consist primarily of public seating, but we also have dining rooms in some of our restaurants that are available to customers for private dining functions.

Restaurant Locations

The following table sets forth information about our existing company-owned and franchisee-owned locations. We currently operate 39 company-owned restaurants and our franchisees operate 49 restaurants. Our company-owned restaurants range in size from approximately 6,000 to approximately 13,000 square feet. We expect that future restaurants will range in size from 7,000 to 9,000 square feet with approximately 220 to 250 seats.

Company-Owned Restaurants			Franchisee-Owned Restaurants	
Year Opened	**Locations**	**Property Leased or Owned**	**Year Opened**	**Locations**
1965	New Orleans, LA	Owned	1976	Baton Rouge, LA
1972	Metairie, LA	Owned	1977	Portland, OR
1977	Lafayette, LA	Leased	1985	Austin, TX
1981	Dallas, TX	Leased	1985	Mobile, AL
1983	Washington, D.C.	Leased	1986	Nashville, TN
1984	Beverly Hills, CA	Leased	1986	Atlanta (Buckhead), GA
1985	Fort Lauderdale, FL	Owned	1987	Pittsburgh, PA
1986	Phoenix, AZ	Leased	1987	Hartford, CT
1986	Houston, TX	Owned	1988	Philadelphia, PA
1987	San Francisco, CA	Leased	1988	Seattle, WA
1987	N. Palm Beach, FL	Owned	1989	Honolulu, HI
1990	Weehawken, NJ	Leased	1989	Memphis, TN
1990	Scottsdale, AZ	Leased	1989	Las Vegas, NV
1992	Palm Desert, CA	Owned	1992	Baltimore, MD
1992	Minneapolis, MN	Leased	1992	Chicago, IL
1993	Arlington, VA	Leased	1992	Birmingham, AL
1993	Manhattan, NY	Leased	1993	San Antonio, TX
1994	San Juan, Puerto Rico	Leased	1993	Taichung, Taiwan
1994	San Diego, CA	Leased	1993	Richmond, VA
1995	Westchester, NY	Leased	1993	Cancun, Mexico
1996	Tampa, FL	Leased	1993	Sandy Springs, GA
1996	Bethesda, MD	Leased	1994	Las Vegas, NV
1997	Kansas City, MO	Leased	1994	Indianapolis, IN
1997	Irvine, CA	Leased	1995	Denver, CO
1997	Cleveland, OH	Leased	1995	Long Island, NY
1998	Parsippany, NJ	Leased	1995	Toronto, Canada
1998	Louisville, KY	Leased	1996	Taichung, Taiwan
1999	Columbus, OH	Owned	1996	Troy, MI
1999	Coral Gables, FL	Leased	1996	Mexico City, Mexico
1999	Winter Park, FL	Leased	1996	Indianapolis, IN
2000	Sarasota, FL	Owned	1997	Jacksonville, FL
2000	Del Mar, CA	Leased	1997	Raleigh, NC
2000	Boca Raton, FL	Leased	1997	Hong Kong
2001	Orlando, FL	Leased	1998	Annapolis, MD
2001	Greensboro, NC	Leased	1998	Northbrook, IL
2002	Woodland Hills, CA	Leased	1998	Maui, HI
2002	Fairfax, VA	Leased	1999	Atlanta (Centennial Park), GA
2002	Washington, D.C. (Conv.)	Leased	1999	Ponte Vedra, FL
2003	Walnut Creek, CA	Leased	2000	Pikesville, MD
			2000	San Antonio (Sunset), TX
			2000	Wailea, HI
			2001	Kaohsiung, Taiwan
			2001	King of Prussia, PA
			2001	Queensway, Hong Kong
			2001	Cabo San Lucas, Mexico
			2002	Bellevue, WA
			2003	Mississauga, Canada
			2005	Virginia Beach, VA
			2005	Baltimore, MD

We have also entered into lease commitments to develop four new company-owned restaurants in Biloxi, Mississippi, Boston, Massachusetts, Roseville, California and Sacramento, California, and franchisees currently have lease commitments to develop two additional franchisee-owned restaurants in Charlotte, North Carolina and Atlantic City, New Jersey.

Menu

Our menu features a broad selection of high-quality USDA Prime grade steaks and other premium offerings served in Ruth's Chris signature fashion —"sizzling" and topped with seasoned butter—complemented by other traditional menu items inspired by our New Orleans heritage. USDA Prime is a meat grade label which refers to the evenly distributed marbling that enhances the flavor of the steak. Our menu also includes premium quality lamb chops, veal chops, fish, chicken and lobster. Steak and seafood combinations and a vegetable platter are also available at selected restaurants. Dinner entrees are generally priced from $18.00 to $38.00. Five company-owned restaurants are open for lunch and offer entrees generally ranging in price from $11.00 to $24.00. Our core menu is similar at all of our restaurants. We occasionally introduce new items such as specials that allow us to give our guests additional choices while taking advantage of fresh sourcing and advantageous cost opportunities.

We offer six to ten standard appetizer items, including New Orleans-style barbequed shrimp, mushrooms stuffed with crabmeat, shrimp remoulade, Louisiana seafood gumbo, onion soup au gratin, as well as six to eight different salads. We also offer eight to ten types of potatoes and eight types of vegetables as side dishes ranging in price from $6.00 to $8.00. For dessert, creme brulee, bread pudding with whiskey sauce, chocolate sin cake, fresh seasonal berries with sweet cream sauce and other selections are available for $6.00 to $8.00 each.

Our wine list features bottles typically ranging in price from $28 to $700. Individual restaurants supplement our 150-bottle core wine list with a minimum of 50 additional selections that reflect local market tastes. Most of our restaurants also offer approximately 30 to 40 wines-by-the-glass and numerous beers, liquors and alcoholic dessert drinks. Bottled wines account for approximately 70% of total wine sales.

Purchasing

Our ability to maintain consistent quality throughout our restaurants depends in part upon our ability to acquire food and other supplies from reliable sources in accordance with our specifications. Purchasing at the restaurant level is directed primarily by the chef, who is trained in our purchasing philosophy and specifications, and who works with our regional and corporate managers to ensure consistent sourcing of meat, fish, produce and other supplies. Each of our restaurants also has an in-store beverage manager who is responsible for purchasing wines based on guest preferences, market availability and menu content.

During 2004, we purchased more than 85%, and during the first quarter of fiscal 2005 we purchased more than 90%, of the beef we used in our company-owned restaurants from one vendor, New City Packing Company, Inc., with which we have no long-term contractual arrangement. In addition, we recently entered into a long-term distribution arrangement with a national food and restaurant supply distributor, Commissary Operations, Inc., which purchases products for us from various suppliers and through which 31 of our company-owned restaurants receive a significant portion of their food supplies.

Restaurant Operations and Management

Our Chief Operating Officer has primary responsibility for managing our company-owned restaurants and participates in analyzing restaurant-level performance and strategic planning. Each of our six regional vice presidents supervises restaurant operations at six to eight company-owned restaurants and has oversight responsibility for franchise-owned restaurants in his or her region.

Our typical company-owned restaurant employs five managers, including a general manager, two front-of-house managers, a chef and an assistant chef. Our company-owned restaurants also typically have approximately 60 hourly employees. The general manager of each restaurant has primary accountability for ensuring compliance with our operating standards. The front-of-the-house managers assist the general manager in the day-to-day operations of the restaurant and are directly responsible for the supervision of the bar, host, server, runner and busser personnel. The chef supervises and coordinates all back-of-the-house operations, including ensuring that our quality standards are being met and maintaining a safe, efficient and productive work environment.

We believe that the compensation we pay our managers and employees is comparable to that provided by other fine dining steakhouses, and because many of our restaurants are open during dinner hours only, we pay many of our employees hourly wages that exceed those of many of our competitors. We believe that our compensation policies allow us to attract quality personnel and retain them at turnover rates considerably lower than those generally experienced by fine dining restaurants.

Quality Control

We strive to maintain quality and consistency in our company-owned restaurants through careful training and supervision of personnel and standards established for food and beverage preparation, maintenance of facilities and conduct of personnel. The primary goal of our training and supervision programs is to encourage our employees to display the characteristics of our brand and values that distinguish us from our competitors. Restaurant managers in our company-owned restaurants must complete a training program that is typically seven weeks long, during which they are instructed in multiple areas of restaurant management, including food quality and preparation, customer service, alcoholic beverage service, liquor regulation compliance and employee relations. Restaurant managers also receive operations manuals relating to food and beverage preparation and restaurant operations. We instruct chefs and assistants on safety, sanitation, housekeeping, repair and maintenance, product and service specifications, ordering and receiving food products and quality assurance. General managers provide all other employee training at the restaurants. We require that all restaurant-level employees be certified by us as able to demonstrate knowledge of our standards and our operating philosophy.

On a daily basis, the chef, together with our managers, oversees a line check system of quality control and must complete a quality assurance checklist verifying the flavor, presentation and proper temperature of the food. We retain outside consultants to perform quality assessments not less than four times per year of the front-of-the-house operations of company-owned and franchisee-owned restaurants. During these assessments, unidentified two person teams dine in our restaurants and evaluate food quality, customer service and general restaurant operations through alternating weekday and weekend visits. The consultants complete a standard checklist and provide us with a written critique. In addition, our regional vice presidents perform systemwide quality assessments of all aspects of restaurant operations, with a focus on back-of-the-house functions.

Marketing and Promotions

The goals of our marketing efforts are to increase comparable restaurant sales by attracting new guests, increase the frequency of visits by our current guests, improve brand recognition in new markets or markets where we intend to open a restaurant and to communicate the overall uniqueness, value and quality exemplified by the Ruth’s Chris brand. We use multiple media channels to accomplish these goals, and have recently increased our national advertising through increased television, radio and online marketing. We complement our national advertising with targeted local media such as outdoor and airport directional posters and tourist publications. The primary focus of our advertising is to increase awareness of our brand and our overall reputation for quality and service.

Advertising

In fiscal 2004 we spent $4.6 million, or 66.7% of our total advertising expenditures, and in the first quarter of fiscal 2005, we spent $0.9 million, or 37.5% of our total advertising expenditures, on local media and local events. This local media spending was split between local tourist, entertainment and business magazines, outdoor billboards and airport dioramas, local radio and television, internet media and local community events such as golf tournaments, arts gatherings and charitable organizations. In fiscal 2004, we spent approximately $2.3 million, or 33.3% of our total advertising expenditures, and in the first quarter of fiscal 2005, we spent approximately $1.5 million, or 62.5% of our total advertising expenditures, on national media. We advertise nationally on television programming consistent with the demographics of our clientele (e.g., Hannity & Colmes, Hardball with Chris Matthews, Lou Dobbs Tonight, The O’Reilly Factor and other programs, on stations such as CNN, Fox News Channel and MSNBC).

Our current “Just Follow the Sizzle” advertising campaign is integrated into all marketing communications. This message is integrated into all marketing communications including television, radio, print and outdoor

advertisement. In addition, we use our website, www.ruthschris.com, to help increase our brand identity and facilitate online reservations and gift card sales. We also use marketing cooperatives that provide us and many of our franchisees with better marketing leverage. Many of our locations also schedule events to strengthen community ties and increase local market presence. Our franchisees also conduct their own local advertising campaigns.

Gift Cards

We sell Ruth's Chris gift cards at our restaurants, through our toll-free reservation system and on our website. Our patrons frequently purchase gift cards for holidays, including Christmas, Hanukkah, Valentine's Day, Mothers' Day and Fathers' Day, and other special occasions such as birthdays, graduations and anniversaries. These gift cards have become popular as holiday gifts and among business professionals celebrating promotions. In fiscal 2004, systemwide gift card sales were approximately $26.3 million, representing an 18.4% increase over fiscal 2003, and in the first quarter of fiscal 2005, systemwide gift card sales were approximately $4.2 million, representing a 15.8% increase over the first quarter of fiscal 2004. Ruth's Chris gift cards are redeemable at both company- and franchisee-owned restaurants.

Franchisee Program and Relationship

Our 49 franchisee-owned restaurants are owned by 16 franchisees, with the three largest franchisees owning eight, five and four restaurants, respectively. Prior to 2004, each franchisee entered into a ten-year franchise agreement with three ten-year renewal options for each restaurant. Each agreement grants the franchisee territorial protection, with the option to develop a certain number of restaurants in their territory. Our franchise agreements generally include termination clauses in the event of nonperformance by the franchisee and non-compete clauses if the agreement is terminated. To date, only one franchisee has had its franchise agreement terminated as a result of nonperformance.

Under our franchise program, we offer certain services and licensing rights to the franchisee to help maintain consistency in systemwide operations. Our services include training of personnel, site selection and construction assistance, providing the new franchisee with standardized operations procedures and manuals, business and financial forms, consulting with the new franchisee on purchasing and supplies and performing supervisory quality control services. We conduct reviews of our franchisee-owned restaurants on an ongoing basis, in order to ensure compliance with our standards.

Under our new franchise program, each franchise arrangement consists of an area development agreement and a separate franchise agreement for each restaurant. Our new form of area development agreement grants exclusive rights to a franchise to develop a minimum number of restaurants in a defined area, typically during a five year period. Individual franchise agreements govern the operation of each restaurant opened and have a 20-year term with two renewal options each for additional 10-year terms if certain conditions are met. Our new form franchise agreement will require franchisees to pay a 5% royalty on gross revenues plus a 1% advertising fee applied to national advertising expenditures. Under our prior form of franchise agreement, franchisees pay a 5% royalty on gross revenues, of which we have applied 1% to national advertising.

Under our new form of area development agreement, we collect a $50,000 development fee for each restaurant the franchisee has rights to develop. Under our new form of the franchise agreement, we collect an additional $50,000 franchise fee at the time of executing the franchise agreement for each restaurant. To date, we have used our new form agreement with one new franchisee and two existing franchisees.

Our existing domestic franchisees have options to develop an aggregate of sixteen additional restaurants, if at the time of development they are in operational and financial compliance with our requirements. Our existing franchise agreements signed before 2004 generally limit the number of restaurants each of our franchisees can develop to two. We expanded our domestic franchise base in 2004 by first offering existing franchisees the opportunity to open additional restaurants in their existing territories. In order to obtain these new rights, existing franchisees will be provided a new Uniform Franchise Offering Circular ("UFOC") and shall be required to sign

our new form of area development and franchise agreement which commits the franchisee to a store development schedule. We also approved the expansion of our existing franchise base by offering additional area development and franchise rights to existing franchisees, one of which was signed in early 2005. New franchise rights will be sold pursuant to the new UFOC and franchise agreement described above, which enables us to better manage the growth of our franchise system. These new franchises will be sold for domestic and international locations that are not efficient for us to manage, and we anticipate opening five to six franchise restaurants per year over the next several years.

Information Systems and Restaurant Reporting

All of our restaurants use computerized point-of-sale systems, which are designed to improve operating efficiency, provide corporate management timely access to financial and marketing data and reduce restaurant and corporate administrative time and expense. These systems record each order and print the food requests in the kitchen for the cooks to prepare. The data captured for use by operations and corporate management include gross sales amounts, cash and credit card receipts and quantities of each menu item sold. Sales and receipts information is generally transmitted to the corporate office daily, where it is reviewed and reconciled by the accounting department before being recorded in the accounting system. All restaurants have personal computers and use spreadsheet tools to calculate ideal food cost and compare those costs to actual food costs.

Our corporate systems provide management with operating reports that show company-owned restaurant performance comparisons with budget and prior year results. These systems allow us to monitor company-owned restaurant sales, food and beverage costs, labor expense and other restaurant trends on a regular basis.

Service Marks and Trademarks

We have registered the marks “Ruth’s Chris,” “U.S. Prime,” “Home of Serious Steaks” and our “Ruth’s Chris Steak House, U.S. Prime” logo and other trademarks and service marks used by our restaurants with the United States Patent and Trademark Office and in the four foreign countries in which our restaurants operate. We are not aware of any infringing uses that could materially affect our business. We believe that our trademarks and service marks are valuable to the operation of our restaurants and are important to our marketing strategy.

Seasonality

Our business is subject to seasonal fluctuations. Historically, the percentage of our annual revenues earned during the first and fourth fiscal quarters have been higher due, in part, to increased restaurant sales during the year-end holiday season.

Properties

Our company-owned restaurants are generally located in spaces leased by wholly-owned direct or indirect subsidiaries of Ruth’s Chris Steak House, Inc. Restaurant lease expirations, including renewal options, range from approximately two years to 25 years. Thirty-three of our leases provide for an option to renew for terms ranging from approximately five years to 15 years. Historically, we have not had difficulty in renewing our leases in a timely manner. Restaurant leases provide for a specified annual rent, and some leases call for additional or contingent rent based on sales volumes over specified levels.

We currently own the real estate for eight restaurants: New Orleans (7,600 square feet) and Metairie (8,000 square feet), Louisiana; Ft. Lauderdale (7,800 square feet), Palm Beach (7,200 square feet) and Sarasota (7,400 square feet), Florida; Houston, Texas (7,200 square feet); Columbus, Ohio (8,100 square feet); and Palm Desert, California (6,800 square feet).

In addition to the restaurants set forth under “Business—Restaurant Locations,” we own a 35,004 square foot, three-story office building in Metairie, Louisiana, a portion of which is used to house our corporate

headquarters. We rent the remainder to another entity. We currently expect to relocate our corporate headquarters to a new facility within the next 24 months.

Employees

As of March 27, 2005, we had 2,747 employees, of whom 2,491 were hourly restaurant employees, 206 were salaried restaurant employees engaged in administrative and supervisory capacities and 50 were corporate and office personnel. None of our employees is covered by a collective bargaining agreement. We believe that we have good relations with our employees.

Government Regulation

We are subject to extensive federal, state and local government regulation, including regulations relating to public health and safety, zoning and fire codes and the sale of alcoholic beverages and food. We maintain the necessary restaurant, alcoholic beverage and retail licenses, permits and approvals. The development and construction of additional restaurants will also be subject to compliance with applicable zoning, land use and environmental laws. Federal and state laws govern our relationship with our employees, including laws relating to minimum wage requirements, overtime, tips, tip credits and working conditions. A significant number of our hourly employees are paid at rates related to the federal minimum wage.

The offer and sale of franchises is subject to regulation by the FTC and many states. The FTC requires that we furnish to prospective franchisees a franchise offering circular containing prescribed information. A number of states also regulate the sale of franchises and require state registration of franchise offerings and the delivery of a franchise offering circular to prospective franchisees. Our noncompliance could result in governmental enforcement actions seeking a civil or criminal penalty, rescission of a franchise, and loss of our ability to offer and sell franchises in a state, or a private lawsuit seeking rescission, damages and legal fees.

Competition

The restaurant business is highly competitive and highly fragmented, and the number, size and strength of our competitors vary widely by region. We believe that restaurant competition is based on, among other things, quality of food products, customer service, reputation, restaurant location, name recognition and price. Our restaurants compete with a number of fine dining steakhouses within their markets, both locally owned restaurants and restaurants within regional or national chains. The principal fine dining steakhouses with which we compete are Fleming’s, The Capital Grille, Smith & Wollensky, The Palm, Del Frisco’s and Morton’s of Chicago. Many of our competitors are better established in certain of our existing markets and/or markets into which we intend to expand.

Legal Proceedings

We are party to various legal actions arising in the ordinary course of our business. These legal actions cover a wide variety of claims spanning our entire business including disputes with our franchisees, employees or prospective employees and others that arise from time to time in the ordinary course of business. In October 2003 and November 2004, we were named as a defendant in two related actions: *Miller* v. *Ruth’s Chris Steak House, Inc*., in the Superior Court of California in Orange County; and *Harrington* v. *Ruth’s Chris Steak House, Inc*., in the Superior Court of California in Los Angeles County. In each case, the plaintiffs sought to certify a class of former and current California hourly wage employees alleging that we engaged in unlawful conduct by failing to comply with meal and rest period requirements in violation of the California Labor Code. The parties in both cases mediated the disputes in March 2005 and have negotiated a “Memorandum of Understanding” outlining the terms of a $1.625 million global settlement of all pending claims, which is awaiting approval by the respective courts. We have accrued a reserve as of December 26, 2004 that is adequate to cover amounts in the settlement agreement. We believe our restaurants in California, and in states with similar laws, are now complying with meal and rest period requirements. There are currently no other material legal proceedings against us.

MANAGEMENT

Directors and Executive Officers

Set forth below are the name, age, position and a brief account of the business experience of each of our directors and executive officers as of March 27, 2005.

Name	Age	Position
Craig S. Miller	55	President, Chief Executive Officer and Director
Geoffrey D. K. Stiles	51	Executive Vice President, Operations and Chief Operating Officer
Anthony M. Lavely	62	Senior Vice President, Marketing and Business Development
Thomas J. Pennison, Jr.	37	Vice President, Finance and Chief Financial Officer
David L. Cattell	55	Vice President, Development and Construction and Chief Development Officer
James G. Cannon	43	Vice President, Culinary Operations
Daniel H. Hannah	57	Vice President, New Business Development
Dione M. Heusel	43	Vice President, Human Resources
Thomas E. O'Keefe	44	Vice President and General Counsel
Robin P. Selati	39	Chairman of the Board
Carla R. Cooper	54	Director
Bannus B. Hudson	59	Director
Alan Vituli	63	Director

Craig S. Miller has served as our President and Chief Executive Officer and as a member of our board of directors since March 2004. Prior to that, from October 2002 to March 2004, Mr. Miller was the founder and Chairman of Miller Partners Restaurant Solutions, Inc. From October 2001 to October 2002, Mr. Miller served as President and Chief Executive Officer of Furr's Restaurant Group. In January 2003, Furr's Restaurant Group filed for bankruptcy protection under chapter 11 of the U.S. Bankruptcy Code. From October 1996 to October 2001, Mr. Miller served as President and Chief Executive Officer of Uno Restaurant Corporation. Prior to October 1996, Mr. Miller held various executive level positions with Uno Restaurant Corporation. Mr. Miller is a member of the Board of the National Restaurant Association (the "Association"), as well as a member of the Board of Trustees for the Association's Educational Foundation. Mr. Miller was elected Chairman of the Association and began his one year term in that office in May 2005.

Geoffrey D. K. Stiles has served as our Executive Vice President, Operations and Chief Operating Officer since November 2003. From April 2003 to November 2003, Mr. Stiles was employed as a consultant by one of our franchisees. Mr. Stiles previously served as our Director of Operations from January 2001 to April 2003. Prior to joining us, Mr. Stiles served in executive and senior management positions at several restaurant groups, including Capitol Restaurant Concepts, Inc., Bertolini's Restaurants Inc., Romano's Macaroni Grill and the Olive Garden.

Anthony M. Lavely has served as our Senior Vice President, Marketing and Business Development since August 2004. From March 1996 to August 2004, Mr. Lavely served as President of Odyssey Management. Prior to March 1996, Mr. Lavely served in executive and senior management positions (with responsibilities for marketing and product development) at Burger King, Long John Silver's and Domino's Pizza.

Thomas J. Pennison, Jr. has served as our Vice President, Finance and Chief Financial Officer since April 2004. From February 1998 to April 2004, Mr. Pennison served as our Vice President, Finance. From October 1996 to January 1998, Mr. Pennison served as our Director of Finance. From April 1994 to October 1996, Mr. Pennison served as Assistant Corporate Controller of Casino Magic Corp., with primary responsibilities for corporate finance and SEC reporting. From January 1991 to April 1994, Mr. Pennison was at the public accounting firm KPMG LLP.

David L. Cattell has served as our Vice President, Development and Construction and Chief Development Officer since September 2004. From January 2000 to January 2004, Mr. Cattell served as Vice President of Restaurant Development at Metromedia Restaurant Group. From 1981 to 1995, Mr. Cattell directed and managed real estate, construction, architecture and engineering functions for Kentucky Fried Chicken as Vice President of Restaurant Development.

James G. Cannon has served as our Vice President, Culinary Operations since June 2002 and served as our Director of Culinary Operations from June 1999 to June 2002. From September 1995 to November 1998, Mr. Cannon served as Vice President of Research and Development for Houlihan's Restaurant Group. Mr. Cannon is a graduate of the California Culinary Academy and has served as a Chef at several restaurants, including the Conservatory—a four-star restaurant in Dallas, Texas and The French Room in the Adolphus Hotel in Dallas, Texas.

Daniel H. Hannah has served as our Vice President, New Business Development since June 2004. From November 2002 to October 2003, Mr. Hannah served as Vice President of Franchise Operations for Famous Dave's of America. From August 2001 to September 2002, Mr. Hannah served as the Vice President, Franchise Division of Al Copeland's Investments, Inc. Prior to that, Mr. Hannah served in various capacities with Copeland's, Uno Restaurant Corporation, Bistro Management Group and Carlson Restaurants Worldwide.

Dione M. Heusel has served as our Vice President, Human Resources since July 2004. From October 2000 to May 2004, Ms. Heusel served as Director of Human Resources for Saks Fifth Avenue. From August 1998 to July 2000, Ms. Heusel served as Regional Director of Human Resources for Sydran Services, LLC and from 1991 to 1998 Ms. Heusel served as the Director of Diversity and Employee Relations for Ruby Tuesday, Inc.

Thomas E. O'Keefe has served as our Vice President and General Counsel since March 2005. From October 2003 to March 2005, Mr. O'Keefe was engaged in the private practice of law as a sole practitioner practicing in the areas of franchise, product distribution, antitrust and general corporate law. From August 1993 to September 2003, Mr. O'Keefe was Vice President and General Counsel to G.C. & K. B. Investments, Inc. d/b/a "SpeeDee Oil Change & Tune-Up," an international franchisor of automobile service centers. From 1991 to 1993, Mr. O'Keefe served as Corporate Counsel to AFCE, Inc. d/b/a "Popeyes and Church's Chicken," an international franchisor of quick-service restaurants.

Robin P. Selati has served as a member of our board of directors since September 1999. Mr. Selati is a Managing Director of Madison Dearborn and joined the firm in 1993. Before 1993, Mr. Selati was with Alex. Brown & Sons Incorporated. Mr. Selati currently serves on the Board of Directors of Beverages & More, Inc., Carrols Holdings Corporation, Cinemark, Inc., Family Christian Stores, Inc., NWL Holdings, Inc., Peter Piper, Inc., Pierre Foods, Inc. and Tuesday Morning Corporation.

Carla R. Cooper has served as a member of our board of directors since December 2003. Since November 2003, Ms. Cooper has served as Senior Vice President of Quaker, Tropicana and Gatorade Sales for PepsiCo, Inc. From February 2001 to October 2003, Ms. Cooper served as President of Kellogg Company's Natural and Frozen Foods Division. From February 2000 to February 2001, Ms. Cooper was Senior Vice President and General Manager of Foodservice for Kellogg Company. From June 1988 to November 2000, Ms. Cooper was employed in various positions with Coca-Cola USA, including as Vice President, Customer Marketing.

Bannus B. Hudson was elected to our board of directors in June 2005. Mr. Hudson has served as President and Chief Executive Officer of Beverages & More, Inc., an affiliate of Madison Dearborn, since October 1997 and as Chairman of the Board of Beverages & More, Inc. since November 1998.

Alan Vituli has served as a member of our board of directors since December 2003. Mr. Vituli has served as Chairman of the Board of Directors of Carrols Holdings Corporation, an affiliate of Madison Dearborn, since 1986 and as Chief Executive Officer of Carrols Holdings Corporation since 1992.

Family Relationships

There are no family relationships between any of our executive officers or directors.

Board Composition

Our amended and restated certificate of incorporation, which will be in effect prior to the completion of this offering, will provide that our board of directors shall consist of such number of directors as determined from time to time by resolution adopted by a majority of the total number of directors then in office. Initially, our board of directors will consist of five members. Any additional directorships resulting from an increase in the number of directors may only be filled by the directors then in office. The term of office for each director will be until his successor is elected and qualified or until his earlier death, resignation or removal. Shareholders will elect directors each year at our annual meeting.

Our current board of directors consists of five members. Our board of directors has determined that all of our current directors, with the exception of Mr. Miller, satisfy the "independence" requirements of the Nasdaq Stock Market.

Board Committees

Our board currently has an audit committee, a compensation committee and a nominating and corporate governance committee. Our board of directors has adopted written charters for each of these committees which, following this offering, will be available on our website. The composition, duties and responsibilities of these committees are set forth below. Committee members will hold office for a term of one year. In the future, our board may establish other committees, as it deems appropriate, to assist it with its responsibilities.

Audit Committee. The audit committee is responsible for (1) selecting the independent auditors, (2) approving the overall scope of the audit, (3) assisting the board in monitoring the integrity of our financial statements, the independent accountant's qualifications and independence, the performance of the independent accountants and our internal audit function and our compliance with legal and regulatory requirements, (4) annually reviewing an independent auditors' report describing the auditing firms' internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm, (5) discussing the annual audited financial and quarterly statements with management and the independent auditor, (6) discussing earnings press release, as well as financial information and earnings guidance provided to analysts and rating agencies, (7) discussing policies with respect to risk assessment and risk management, (8) meeting separately, periodically, with management and the independent auditor, (9) reviewing with the independent auditor any audit problems or difficulties and management's response, (10) setting clear hiring policies for employees or former employees of the independent auditors, (11) handling such other matters that are specifically delegated to the audit committee by the board of directors from time to time and (12) reporting regularly to the full board of directors.

Our audit committee consists of Mr. Vituli, as chairman, Ms. Cooper and Mr. Hudson, each of whom satisfy the audit committee independence requirements of the Nasdaq Stock Market. Our board of directors has determined that Mr. Vituli will qualify as an "audit committee financial expert," as such term is defined in Item 401(h) of Regulation S-K.

Compensation Committee. The compensation committee is responsible for (1) reviewing key employee compensation goals, policies, plans and programs, (2) reviewing and approving the compensation of our directors, chief executive officer and other executive officers, (3) reviewing and approving employment contracts and other similar arrangements between us and our executive officers, (4) reviewing and consulting with the board on the selection of the chief executive officer and evaluation of such officer's executive performance and other related matters, (5) administration of stock plans and other incentive compensation plans, (6) approving overall compensation policies for the entire company and (7) such other matters that are specifically delegated to the compensation committee by the board of directors from time to time. Our compensation committee currently consists of Mr. Selati, as chairman, and Ms. Cooper, each of whom satisfy the independence requirements of the Nasdaq Stock Market.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee's purpose is to assist our board by identifying individuals qualified to become members of our board of directors consistent with criteria set by our board and to develop our corporate governance principles. This committee's responsibilities will include: (1) evaluating the composition, size and governance of our board of directors and its committees and make recommendations regarding future planning and the appointment of directors to our committees, (2) establishing a policy for considering stockholder nominees for election to our board of directors, (3) evaluating and recommending candidates for election to our board of directors, (4) overseeing our board of directors performance and self-evaluation process and developing continuing education programs for our directors, (5) reviewing our corporate governance principles and policies and providing recommendations to the board regarding possible changes, and (6) reviewing and monitoring compliance with our code of ethics and our insider trading policy. Our nominating and corporate governance committee will consist of at least two directors, each of whom will satisfy the independence requirements of the Nasdaq Stock Market.

Other Committees. Our board of directors may establish other committees as it deems necessary or appropriate from time to time.

Compensation Committee Interlocks and Insider Participation

No member of our compensation committee is currently an officer or employee of our company. There is no interlocking relationship between any of our executive officers and compensation committee, on the one hand, and the executive officers and compensation committee of any other companies, on the other hand, nor has any such interlocking relationship existed in the past.

Director Compensation

It is anticipated that upon the closing of this offering, directors who are also our employees will receive no compensation for serving as directors. Non-employee directors, other than Mr. Selati, will receive an annual fee in the amount of $35,000 ($42,000 for the chairman of the audit committee). We also expect to reimburse all directors for reasonable out-of-pocket expenses they incur in connection with their service as directors. Our directors will also be eligible to receive stock options and other equity-based awards when, as and if determined by the compensation committee pursuant to the terms of the 2005 Long-Term Equity Incentive Plan. See "—2005 Long-Term Equity Incentive Plan."

Executive Compensation

The following table sets forth the compensation for our President and Chief Executive Officer and our next four most highly compensated executive officers (who we refer to collectively as the "named executive officers" in this prospectus) during the year ended December 26, 2004.

	Annual Compensation				Long-Term Compensation		
Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation(1)	Restricted Stock Awards	Securities Underlying Options	All Other Compensation
Craig S. Miller(2) President and Chief Executive Officer	2004	$300,000	$155,385	$ 71,386(3)	—	—	$ —
Geoffrey D. K. Stiles Executive Vice President, Operations and Chief Operating Officer	2004	$250,000	$111,100	$ —	—	—	$ —
Thomas J. Pennison, Jr. Vice President, Finance and Chief Financial Officer	2004	$154,807	$ 60,309	$ —	—	—	$ —
James G. Cannon Vice President, Culinary Operations	2004	$152,337	$ 53,882	$ 31,281(4)	—	—	$ —
Daniel H. Hannah(5) Vice President, New Business Development	2004	$ 67,307	$ 24,745	$ 60,777(6)	—	16,602	$ —

(1) Includes compensation paid for automobile allowance, relocation expenses and payments toward life and health insurance.
(2) Mr. Miller joined us in March 2004. Amounts shown in this table reflect compensation earned between the date of hire and December 31, 2004.
(3) Consists of relocation expenses of $62,639, COBRA insurance payments of $2,447 and an auto allowance payment of $6,300.
(4) Consists of relocation expenses of $25,758 life insurance payments of $123 and an auto allowance payment of $5,400.
(5) Mr. Hannah joined us in June 2004. Amounts shown in this table reflect compensation earned between the date of hire and December 31, 2004.
(6) Consists of relocation expenses of $55,927, COBRA insurance payments of $1,966 and an auto allowance of $2,885.

Option Grants in Last Fiscal Year

The following table sets forth information regarding stock options granted in 2004 under our 2000 Stock Option Plan to each of our named executive officers. The potential realizable value is calculated assuming the fair market value of the common stock appreciates at the indicated rate for the entire term of the option and that the option is exercised and sold on the last day of its term at the appreciated price. These gains are based on assumed rates of appreciation compounded annually from the dates the respective options were granted to their expiration date based on an initial public offering price of $16.00, minus the per share exercise price of $0.48. Annual rates of stock price appreciation of 5% and 10% from the initial offering price is assumed pursuant to rules of the SEC. The actual stock price will appreciate over the term of the options at assumed 5% and 10% levels or any other defined level. Actual gains, if any, on exercised stock options will depend on the future performance of our common stock.

					Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Options Term	
Name	Number of Securities Underlying Options Granted	Percentage of Total Options Granted to Employees in 2003	Per Share Exercise Price	Expiration Date	5%	10%
Craig S. Miller	—	—	—	—	—	—
Geoffrey D. K. Stiles	—	—	—	—	—	—
Thomas J. Pennison, Jr	—	—	—	—	—	—
James G. Cannon	—	—	—	—	—	—
Daniel H. Hannah	16,602	100%	$ 0.48	November 18, 2014	$ 404,083	$ 618,452

Option Exercises and Year End Values

The following table shows information concerning the number and value of unexercised options held by each of our named executive officers at December 26, 2004. The fiscal year-end value of unexercised in-the-money options listed below has been calculated based on the initial public offering price of $16.00 per share, the midpoint of the range set forth on the cover of this prospectus, less the applicable exercise price per share, multiplied by the number of shares underlying such options.

Name	Shares Acquired On Exercise	Value Realized	Number of Unexercised Options at December 26, 2004		Value of Unexercised In-the-Money Options at December 26, 2004	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Craig S. Miller	—	—	—	—	$ —	$ —
Geoffrey D. K. Stiles	—	—	—	—	$ —	$ —
Thomas J. Pennison, Jr	—	—	10,293	83	$ 159,728	$ 1,288
James G. Cannon.	—	—	12,867	104	$ 199,672	$ 1,614
Daniel H. Hannah	—	—	332	16,270	$ 5,152	$ 252,480

Employment Agreements

In June 2004, we and Craig Miller signed a letter of understanding outlining the terms by which Mr. Miller would serve as our President and Chief Executive Officer and a member of our board of directors. Mr. Miller's current annual salary is $400,000. In addition, Mr. Miller's employment agreement provides that he may receive an annual bonus of up to 50% of his base salary. In addition, our board of directors has implemented an informal incentive framework under which Mr. Miller's annual bonus may be increased to a maximum of 112.5% of his annual base salary. In each case, the amount of Mr. Miller's annual bonus is based upon the satisfaction of certain financial performance criteria determined by our board. Mr. Miller was entitled to receive a minimum bonus of $100,000 for fiscal year 2004. In May 2004, Mr. Miller also purchased 645,724 shares of our common stock, then equal to 4.5% of our fully diluted common stock, for a price of less than $0.01 per share pursuant to our 2004 Restricted Stock Plan, which common stock vested in part upon purchase and otherwise vests on a daily basis over the first five years of Mr. Miller's employment. If Mr. Miller's employment is terminated by us without "cause," or by Mr. Miller for "good reason" (as those terms are defined in his agreement) during the employment term, then Mr. Miller will be entitled to continue to receive his base salary for twelve months after the date of such termination. Mr. Miller has agreed not to compete with us or solicit any of our employees or persons with whom we have certain business relationships for twenty-four months following his termination, if Mr. Miller's employment is terminated by us without "cause" or by Mr. Miller for "good reason" (as those terms are defined in his agreement), or for twelve months in all other cases.

In October 2003, we and Geoffrey Stiles entered into an employment agreement under which Mr. Stiles will serve as our Executive Vice President. The agreement carries a three year term, expiring November 3, 2006. Mr. Stiles' current annual salary is $250,000, subject to annual reviews, salary adjustments and incentive plans as determined by our board of directors. In May 2004, Mr. Stiles also purchased 143,485 shares of our common stock, then equal to 1.0% of our fully diluted common stock, for a price of less than $0.01 per share pursuant to our 2004 Restricted Stock Plan, which common stock vested in part upon purchase and otherwise vests on a daily basis over the first five years of Mr. Stiles' employment. If Mr. Stiles' employment agreement is terminated by us without "good faith and sufficient cause" (as those terms are defined in his agreement) during his employment term, then Mr. Stiles will be entitled to receive severance payments for twelve months after the date of his termination at his salary rate at the time of his termination.

2004 Restricted Stock Plan

The 2004 Restricted Stock Plan provides for the grant of up to 1,167,487 shares of restricted stock to our officers, directors and employees and other persons who provide services to us, all of which were issued during

2004. This plan is administered by a committee of our board of directors, and, in the committee's absence, by our board of directors. This plan provides for the grant of shares of our common stock that may not be sold or disposed of, and that may be forfeited in the event of certain terminations of employment, prior to the end of a restricted period set forth in each restricted stock agreement as determined by our board of directors. Other than the foregoing, participants generally have all of the rights of a stockholder, unless the board determines otherwise. Each restricted stock agreement sets forth a vesting schedule, over which time the shares will vest in the holder thereof, and no longer be subject to the restrictions contained in the restricted stock agreement (other than a right of first refusal of the company in the case of a proposed transfer and a drag along right of the company in a proposed sale of the company approved by our board or a majority of our stockholders). The plan provides that shares of restricted stock not yet vested will vest upon a change in control. Upon a termination of employment, the company, and to the extent not exercised by the company, certain of our stockholders, have the right to acquire shares that have vested pursuant to this plan. All shares of restricted stock were granted at the fair market value of our common stock, as determined by our board of directors, on the date of grant.

2000 Stock Option Plan

The 2000 Stock Option Plan provides for the grant of nonqualified stock options to our directors, officers and employees and other persons who provide services to us. A total of 1,765,981 shares of common stock are reserved for issuance under this plan. As of March 27, 2005, we have granted options to purchase 1,212,221 shares of common stock under this plan. These options vest pro rata on a daily basis over a five year period. Options granted under the 2000 Stock Option Plan are generally not transferable by the optionee, and must be exercised within 30 days after the end of an optionee's status as an employee, director or consultant of ours (other than a termination by us for cause, as defined in the 2000 Stock Option Plan), within 180 days after such optionee's termination by death or disability, or within 90 days after such optionee's retirement, but in no event later than the expiration of the option term. All options were granted at or above the fair market value of our common stock, as determined by our board of directors, on the date of grant. The term of all options granted under the 2000 Stock Option Plan may not exceed ten years. We anticipate that all future option grants will be made under our 2005 Long-Term Equity Incentive Plan, discussed below, and we do not intend to issue any further options under the 2000 Stock Option Plan.

2005 Long-Term Equity Incentive Plan

Prior to the closing of this offering, we intend to adopt the Ruth's Chris Steak House, Inc. 2005 Long-Term Equity Incentive Plan. The equity incentive plan provides for grants of stock options, restricted stock, restricted stock units, deferred stock units and other equity-based awards. Directors, officers and other employees of Ruth's Chris Steak House, Inc., as well as others performing services for us, will be eligible for grants under the plan. The purpose of the equity incentive plan is to provide these individuals with incentives to maximize stockholder value and otherwise contribute to our success and to enable us to attract, retain and reward the best available persons for positions of responsibility.

A total of 2,362,500 shares of our common stock, representing approximately 10% of our outstanding common stock after the offering on a fully-diluted basis, will be available for issuance under the equity incentive plan. The number of shares available for issuance under the equity incentive plan is subject to adjustment in the event of a reorganization, stock split, merger or similar change in the corporate structure or the outstanding shares of common stock. In the event of any of these occurrences, we may make any adjustments we consider appropriate to, among other things, the number and kind of shares, options or other property available for issuance under the plan or covered by grants previously made under the plan. The shares available for issuance under the plan may be, in whole or in part, authorized and unissued or held as treasury shares.

The compensation committee of our board of directors will administer the equity incentive plan. Our board also has the authority to administer the plan and to take all actions that the compensation committee is otherwise

authorized to take under the plan. We anticipate that in connection with the offering, we will grant options to purchase an aggregate of 350,000 shares of our common stock to 116 employees and one director. All of these options will have an exercise price equal to the initial public offering price of the common stock in this offering, and will be subject to pro rata vesting on a daily basis over a five-year period.

The following is a summary of the material terms of the equity incentive plan, but does not include all of the provisions of the plan. For further information about the plan, we refer you to the equity incentive plan, which we have filed as an exhibit to the registration statement of which this prospectus is a part.

Eligibility. Our directors, officers and employees, as well as other individuals performing services for us, will be eligible to receive grants under the equity incentive plan. However, only employees may receive grants of incentive stock options. In each case, the compensation committee will select the actual grantees.

Stock Options. Under the equity incentive plan, the compensation committee or the board may award grants of incentive stock options conforming to the provisions of Section 422 of the Internal Revenue Code, and other, non-qualified stock options. The compensation committee may not, however, award to any one person in any calendar year options to purchase more than 1,181,250 shares of common stock, and it may not award incentive stock options first exercisable in any calendar year whose underlying shares have a fair market value greater than $100,000, determined at the time of grant.

The exercise price of an option granted under the plan may not be less than 100% of the fair market value of a share of common stock on the date of grant, and the exercise price of an incentive stock option awarded to a person who owns stock constituting more than 10% of the company's voting power may not be less than 110% of such fair market value on such date.

Unless the compensation committee determines otherwise, the exercise price of any option may be paid in any or in any combination of the following ways:

- in cash,
- by delivery of shares of common stock with a fair market value on the date of exercise equal to the exercise price, and/or
- by simultaneous sale through a broker of shares of common stock acquired upon exercise.

If a participant elects to deliver shares of common stock in payment of any part of an option's exercise price, the compensation committee may in its discretion grant the participant a "reload option." The reload option entitles its holder to purchase a number of shares of common stock equal to the number so delivered. The reload option may also include, if the compensation committee chooses, the right to purchase a number of shares of common stock equal to the number delivered or withheld in satisfaction of any of the company's tax withholding requirements in connection with the exercise of the original option. The terms of each reload option will be the same as those of the original exercised option, except that the grant date will be the date of exercise of the original option, and the exercise price will be the fair market value of the common stock on the date of exercise.

The compensation committee will determine the term of each option in its discretion. However, no term may exceed ten years from the date of grant or, in the case of an incentive stock option granted to a person who owns stock constituting more than 10% of the voting power of the company, five years from the date of grant. In addition, all options under the equity incentive plan, whether or not then exercisable, generally cease vesting when a grantee ceases to be a director, officer or employee of, or to otherwise perform services for, us. Options generally expire 30 days after the date of cessation of service, so long as the grantee does not compete with us during that 30-day period without our permission.

There are, however, exceptions depending upon the circumstances of cessation. In the case of a grantee's death or disability, a number of options equal to the sum of (1) the number of options that were exercisable on the date of the grantee's death or disability and (2) the number of options that would become exercisable within

one year after the date of the grantee's death or disability, will become fully vested and exercisable and remain so for up to 180 days after the date of death or disability, provided the grantee does not compete with us during that 180-day period without our permission. In the event of retirement, a grantee's vested options will remain exercisable for up to 90 days after the date of retirement, while his or her unvested options may become fully vested and exercisable in the discretion of the compensation committee. In each of the foregoing circumstances, the board or compensation committee may elect to further extend the applicable exercise period in its discretion. Upon termination for cause, all options will terminate immediately. If we undergo a change in control, the compensation committee may provide that the options become exercisable and that such options may terminate if not exercised on the date of the change in control, and if a grantee is terminated from service within one year thereafter, all options will become fully vested and exercisable and remain so for up to one year after the date of termination. In addition, the compensation committee has the authority to grant options that will become fully vested and exercisable automatically upon a change in control of the company, whether or not the grantee is subsequently terminated.

Restricted Stock. Under the equity incentive plan, the compensation committee may award restricted stock subject to the conditions and restrictions, and for the duration, which will generally be a least six months, that it determines in its discretion and the name or names of which such members shall lapse. Unless the compensation committee determines otherwise, all restrictions on a grantee's restricted stock will lapse when the grantee ceases to be a director, officer or employee of, or to otherwise perform services for, the company, if the cessation occurs due to a termination within one year after a change in control of the company. In addition, unless the compensation committee determines otherwise, if a grantee ceases to be a director, officer or employee of, or to otherwise perform services for us due to death or disability during any period of restriction, in addition to the grantee's restricted stock in which restrictions have already lapsed, restrictions will lapse on all shares of restricted stock for which restrictions would have lapsed within one year following the date of restrictions. If termination of employment or service occurs for any other reason, all of a grantee's restricted stock as to which the applicable restrictions have not lapsed will be forfeited immediately.

Restricted Stock Units; Deferred Stock Units. Under the equity incentive plan, the compensation committee may award restricted stock units subject to conditions and restrictions, and for the duration, which will generally be at least six months, that it determines in its discretion. Each restricted stock unit is equivalent in value to one share of common stock and entitles the grantee to receive one share of common stock for each restricted stock unit at the end of the applicable restricted stock unit's vesting period. Unless the compensation committee determines otherwise, all restrictions on a grantee's restricted stock units will lapse when the grantee ceases to be a director, officer or employee of, or otherwise perform services for, the company, if the cessation occurs due to a termination within one year after a change in control of the company or due to death, disability or retirement. In addition, the compensation committee has the authority to award restricted stock units with respect to which all restrictions shall lapse automatically upon a change in control of the company, whether or not the grantee is subsequently terminated. If termination of employment or service occurs for any other reason, all of a grantee's restricted stock units as to which the applicable restrictions have not lapsed will be forfeited immediately.

Prior to the later of (1) the close of the tax year preceding the year in which restricted stock units are granted or (2) 30 days of first becoming eligible to participate in the plan (or, if earlier, the last day of the tax year in which the participant first becomes eligible to participate in the plan) and on or prior to the date the restricted stock units are granted, a grantee may elect to defer the receipt of all or a portion of the shares due with respect to the restricted stock units and convert such restricted stock units into deferred stock units. Subject to specified exceptions, the grantee will receive shares in respect of such deferred stock units at the end of the deferral period.

Performance Awards. Under the equity incentive plan, the compensation committee may grant performance awards contingent upon achievement by the company or divisions of set goals and objectives regarding specified performance criteria, such as, for example, return on equity, over a specified performance cycle, as designated by the compensation committee. Performance awards may include specific dollar-value target awards, performance units, the value of which is established by the compensation committee at the time of grant, and/or performance

shares, the value of which is equal to the fair market value of a share of common stock on the date of grant. The value of a performance award may be fixed or fluctuate on the basis of specified performance criteria. A performance award may be paid out in cash and/or shares of our common stock or other securities.

Unless the compensation committee determines otherwise, if a grantee ceases to be a director, officer or employee of, or to otherwise perform services for, the company prior to completion of a performance cycle, due to death, disability or retirement, the grantee will receive the portion of the performance award payable to him or her based on achievement of the applicable performance criteria over the elapsed portion of the performance cycle. If termination of employment or service occurs for any other reason prior to completion of a performance cycle, the grantee will become ineligible to receive any portion of a performance award. If we undergo a change in control, a grantee will earn no less than the portion of the performance award that he or she would have earned if the applicable performance cycle had terminated as of the date of the change of control.

Vesting, Withholding Taxes and Transferability of All Awards. The terms and conditions of each award made under the equity incentive plan, including vesting requirements, will be set forth consistent with the plan in a written agreement with the grantee. Except in limited circumstances, no award under the equity incentive plan may vest and become exercisable within six months of the date of grant, unless the compensation committee determines otherwise.

Unless the compensation committee determines otherwise, a participant may elect to deliver shares of common stock, or to have us withhold shares of common stock otherwise issuable upon exercise of an option or upon grant or vesting of restricted stock or a restricted stock unit, in order to satisfy our withholding obligations in connection with any such exercise, grant or vesting.

Unless the compensation committee determines otherwise, no award made under the equity incentive plan will be transferable other than by will or the laws of descent and distribution or to a grantee’s family member by gift or a qualified domestic relations order, and each award may be exercised only by the grantee, his or her qualified family member transferee, or any of their respective executors, administrators, guardians, or legal representatives.

Amendment and Termination of the Equity Incentive Plan. The board or the compensation committee may amend or terminate the equity incentive plan in its discretion, except that no amendment will become effective without prior approval of our stockholders if stockholder approval would be required by applicable law or regulations, including if required for continued compliance with the performance-based compensation exception of Section 162(m) of the Internal Revenue Code or by any listing requirement of the principal stock exchange on which our common stock is then listed. Furthermore, any amendment to the terms of an outstanding award may not materially and adversely affect any participant’s rights or obligations under the equity incentive plan without the affected participant’s consent. If not previously terminated by the board, the equity incentive plan will terminate on the tenth anniversary of its commencement.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table shows information regarding the beneficial ownership of our common stock as of June 28, 2005 and the anticipated beneficial ownership of our common stock following this offering by:

- each person known by us to own beneficially 5% or more of our outstanding common stock;
- each of our directors;
- each of our named executive officers;
- all of our directors and executive officers as a group; and
- certain other selling stockholders.

As of June 28, 2005, there were 11,543,889 shares of our Class A common stock (including shares of unvested restricted stock) and no shares of our Class B common stock outstanding. After giving effect to the Recapitalization and this offering, there would have been 22,412,746 shares of our common stock outstanding as of such date.

Beneficial ownership is determined in accordance with the rules of the SEC, and generally includes voting power and/or investment power with respect to the securities held. Shares of common stock subject to options or warrants currently exercisable or exercisable within 60 days of June 28, 2005 are deemed outstanding and beneficially owned by the person holding such options or warrants for the purposes of computing the number of shares and percentage beneficially owned by such person, but are not deemed outstanding for purposes of computing the percentage beneficially owned by any other person. Except as indicated in the footnotes to this table, and subject to applicable community property laws, the persons or entities named have sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by them.

	Shares Beneficially Owned Prior to this Offering		Shares to be Sold in this Offering Assuming no Exercise of Over-allotment Option	Shares to be Sold in this Offering Assuming Full Exercise of Over-allotment Option	Shares Beneficially Owned After this Offering Assuming no Exercise of Over-allotment Option		Shares Beneficially Owned After this Offering Assuming Full Exercise of Over-allotment Option	
Name of Beneficial Owner	**Number**	**%**	**Number**	**Number**	**Number**	**%**	**Number**	**%**
Five Percent Stockholders:								
Madison Dearborn(1)	9,156,090	79.3%	—	1,714,500	9,156,090	40.9	7,441,590	33.2
William L. Hyde, Jr.(2)	1,108,624	9.2	211,161	211,161	897,463	3.9	897,463	3.9
Wachovia Investors, Inc.(3)	853,633	6.9	853,633	853,633	—	—	—	—
James E. Ryder, Jr.(4)	617,929	5.3	302,119	302,119	315,810	1.4	315,810	1.4
The Goldman Sachs Group, Inc.(5)	640,224	5.3	640,224	640,224	—	—	—	—
Directors and Executive Officers:								
Craig S. Miller(6)	184,657	1.5	—	—	184,657	*	184,657	*
Thomas J. Pennison Jr.(7)	45,912	*	—	—	45,912	*	45,912	*
Geoffrey D. K. Stiles(8)	35,536	*	—	—	35,536	*	35,536	*
Robin P. Selati(9)	9,156,090	79.3	—	1,714,500	9,156,090	40.9	7,441,590	33.2
James G. Cannon(10)	18,624	*	—	—	18,624	*	18,624	*
Daniel H. Hannah(11)	2,324	*	—	—	2,324	*	2,324	*
Carla R. Cooper(12)	5,653	*	—	—	5,653	*	5,653	*
Alan Vituli(13)	5,653	*	—	—	5,653	*	5,653	*
All directors and executive officers as a group (10 persons)(14)	9,486,124	82.1	—	1,714,500	9,486,124	42.3	7,771,624	34.7
Other Selling Stockholder:								
Randy J. Fertel(15)	97,158	*	47,863	47,863	49,295	*	49,295	*

* Less than 1%

(1) Includes 8,928,688 shares held directly by Madison Dearborn Capital Partners III, L.P. (“MDCP”), 198,255 shares held directly by Madison Dearborn Special Equity III, L.P. (“MDSE”) and 29,147 shares held directly by Special Advisors Fund I, LLC (“SAF”). The shares held by MDCP, MDSE and SAF may be deemed to be beneficially owned by Madison Dearborn Partners III, L.P. (“MDP III”), the general partner of MDCP and MDSE and the manager of SAF, by Madison Dearborn Partners, LLC, the general partner of MDP III, and by a committee of limited partners of MDP III. The address for the Madison Dearborn entities is Three First National Plaza, Suite 3800, Chicago, IL 60602.

(2) Includes 505,225 shares of our common stock purchased by Mr. Hyde, our former President and Chief Executive Officer, in connection with Madison Dearborn's acquisition of our company and options to purchase 679,407 shares of our common stock for approximately $0.48 per share, which options vested pro rata on a daily basis over five years beginning on September 17, 1999. When Mr. Hyde's employment terminated on November 30, 2003, options to purchase 603,399 shares of our common stock had vested and his remaining options expired and were forfeited.
(3) Wachovia Investors, Inc. is an affiliate of Wachovia Capital Markets, LLC, an underwriter in this offering. Amount consists of currently exercisable warrants to purchase 853,633 shares of our Class B common stock, which is convertible into 853,633 shares of common stock.
(4) Includes 617,929 shares of our common stock held by Mr. Ryder as trustee of the Ruth U. Fertel Charitable Lead Unitrust. Mr. Ryder has sole investment and voting power over these shares and disclaims beneficial ownership of these shares.
(5) Represents currently exercisable warrants to purchase an aggregate 640,234 shares of Class A common stock that are owned by certain investment funds affiliated with The Goldman Sachs Group, Inc., consisting of warrants to purchase 416,544 shares of Class A common stock held directly by GS Mezzanine Partners, LP and warrants to purchase 223,680 shares of our Class A common stock held directly by GS Mezzanine Partners Offshore, LP. Affiliates of Goldman, Sachs & Co. and The Goldman Sachs Group, Inc. are the general partner, managing partner or managing general partner of each of the investment funds named above, and Goldman, Sachs & Co. is the investment manager of each of such investment funds. Each of The Goldman Sachs Group, Inc. and Goldman, Sachs & Co. disclaims beneficial ownership of the shares owned by such investment funds except to the extent of their pecuniary interest therein. The address of The Goldman Sachs Group, Inc. is 85 Broad Street, New York, New York 10004.
(6) Does not include 461,067 shares of restricted stock that will not have vested within 60 days of June 28, 2005.
(7) Includes options to purchase 10,376 shares of our common stock. Does not include 107,949 shares of restricted stock that will not have vested within 60 days of June 28, 2005.
(8) Does not include 107,949 shares of restricted stock that will not have vested within 60 days of June 28, 2005.
(9) All of such shares are held by affiliates of Madison Dearborn as reported in footnote 1 above. Mr. Selati is a Managing Director of Madison Dearborn, and therefore may be deemed to share voting and investment power over the shares owned by these entities, and therefore to beneficially own such shares. Mr. Selati disclaims beneficial ownership of all such shares. The address for Mr. Selati is c/o Madison Dearborn Partners, LLC, Three First National Plaza, Suite 3800, Chicago, IL 60602.
(10) Includes options to purchase 12,971 shares of our common stock. Does not include 17,175 shares of restricted stock that will not have vested within 60 days of June 28, 2005.
(11) Includes options to purchase 2,324 shares of our common stock.
(12) Does not include 17,175 shares of restricted stock that will not have vested within 60 days of June 28, 2005.
(13) Does not include 17,175 shares of restricted stock that will not have vested within 60 days of June 28, 2005.
(14) Does not include 755,176 shares of restricted stock that will not have vested within 60 days of June28, 2005.
(15) Includes 97,158 shares of our common stock held directly by Mr. Fertel. Mr. Fertel purchased his common stock on September 17, 1999 in connection with Madison Dearborn's acquisition of our company.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Redemption of Junior Preferred Stock

We intend to use a portion of the net proceeds from this offering to redeem or repurchase all of our outstanding Junior Preferred Stock. Affiliates of Madison Dearborn owned 65,405.35 shares, or approximately 88.2%, of our Junior Preferred Stock as of March 27, 2005. We are currently seeking the consent of the lenders under our new senior credit facilities to enable us to redeem or repurchase all of the outstanding Junior Preferred Stock with a portion of the net proceeds from this offering. If we are unable to obtain the required consents, Junior Preferred Stock with a liquidation value of approximately $19.2 million will remain outstanding upon completion of this offering.

The redemption price for each share of Junior Preferred Stock will be equal to the liquidation value of the Junior Preferred Stock of $1,000 per share. All of the shares of Junior Preferred Stock being redeemed or repurchased by us were initially sold to the holders thereof at a price of $1,000 per share. In the aggregate, we expect that affiliates of Madison Dearborn will receive up to approximately $67.0 million of the net proceeds from this offering in connection with the redemption or repurchase, as the case may be, of our Junior Preferred Stock.

Shareholders Agreement

In connection with Madison Dearborn's acquisition of our company in 1999, we, Madison Dearborn, Wachovia Investors, Inc., GS Mezzanine Partners, LP, GS Mezzanine Partners Offshore, LP, Ruth U. Fertel, William L. Hyde, Jr. and the Randy J. Fertel Trust entered into a shareholders agreement. This agreement provides that, prior to an initial public offering of our common stock, if our board of directors and holders of a majority of our common stock then outstanding approve a sale of all or substantially all of our assets or common stock, each party to the shareholders agreement will vote to approve such sale, or otherwise take all actions necessary in connection with such approved sale. Subject to certain exceptions, prior to an initial public offering of our common stock, management investors are not permitted to transfer their shares and we have a right of first refusal to purchase shares proposed to be sold by investors other than Madison Dearborn. Subject to certain exceptions, the shareholders agreement grants investors other than Madison Dearborn certain "tag-along" rights which entitle these shareholders to participate in certain sales of shares prior to the initial public offering of common stock by Madison Dearborn to third parties. Wachovia Investors, Inc. is an affiliate of Wachovia Capital Markets, LLC and GS Mezzanine Partners, LP and GS Mezzanine Partners Offshore, LP (together, the "Goldman Funds") are affiliates of Goldman, Sachs & Co.

Registration Agreement

In connection with Madison Dearborn's acquisition of the company in 1999, we, Madison Dearborn, Wachovia Investors, Inc., the Goldman Funds, Ruth U. Fertel, William L. Hyde, Jr. and the Randy J. Fertel Trust entered into a registration agreement. The registration agreement currently provides that three of our stockholders, each of which will be selling all of its shares in this offering, have the right, beginning 180 days after the completion of this offering, to demand one registration of their shares of common stock. In connection with this offering, we intend to amend this agreement to grant demand registration rights to Madison Dearborn beginning 180 days after the completion of this offering. All of the investors who are party to the registration agreement and their transferees are also entitled to certain piggyback rights if we choose to register our common stock in a public offering, subject to certain volume limitations in the case of an underwritten offering. The selling stockholders in this offering are selling their shares pursuant to the piggyback registration rights granted pursuant to this registration agreement.

Transaction and Merger Agreement

In connection with Madison Dearborn's acquisition of the company in 1999, we, RUF Merger Corp. and Madison Dearborn entered into a transaction and merger agreement. Under this agreement, we are required to pay Madison Dearborn an annual monitoring fee in the amount of $150,000 so long as we are controlled by Madison Dearborn and provided that we meet a specified EBITDA target. We paid $150,000 to Madison Dearborn in fiscal 2004 under this agreement. Upon completion of this offering, we will no longer be required to pay this fee.

Construction Arrangement for Roseville, California Restaurant

We have engaged Impress Construction Services ("ICS"), a construction company part-owned by Glenn Miller, the brother of Craig S. Miller, our President and Chief Executive Officer, to act as contractor and project manager in connection with the construction of our proposed Roseville, California restaurant. The contract we entered into with ICS provides that ICS receive payments from us of cost plus 8%. We believe that the terms and conditions of the contract are no less favorable to us than that which we would be able to obtain in arm's-length negotiations with unaffiliated third parties. As of June 2005, we have made payments of approximately $343,000 under this arrangement, all of which were made during our second fiscal quarter of 2005. We expect to make additional payments to ICS of approximately $1.1 million under this arrangement, all of which we expect to make during fiscal 2005. Mr. Glenn Miller owns a 50% interest in ICS, and prior to January 2005, Messrs. Glenn and Craig Miller together owned a 66.7% interest in ICS. In January 2005, Mr. Craig Miller divested his entire interest in ICS to the other owners of ICS in exchange for the return of his original investment. We did not engage in any transactions with ICS prior to the second fiscal quarter of 2005, and we do not intend to engage in further transactions with ICS in the future.

Other Related Party Transactions

During fiscal 2004 and in the first quarter of fiscal 2005, we retained the firm Thomas E. O'Keefe, Attorney-at-Law, LLC, a law firm owned by Thomas E. O'Keefe, our current Vice President and General Counsel. During fiscal 2004, we paid Mr. O'Keefe's firm approximately $21,000 and during the first fiscal quarter of 2005, we paid Mr. O'Keefe's firm approximately $31,000 for legal services rendered. Mr. O'Keefe joined us as Vice President and General Counsel in March 2005.

DESCRIPTION OF CAPITAL STOCK

General

Our authorized capital stock currently consists of 1,000,000 shares of Class A common stock, par value $0.01 per share, 50,000 shares of nonvoting Class B common stock, par value $0.01 per share, 58,000 shares of mandatorily redeemable Series A senior cumulative preferred stock, par value $0.01 per share, and 92,000 shares of Series B junior cumulative preferred stock, par value $0.01 per share. As of March 27, 2005, after giving effect to a 20.75281-for-1 split of our common stock that we intend to effect prior to the completion of the offering, there were 11,543,889 shares of Class A common stock, no shares of Class B common stock, 11,162 shares of mandatorily redeemable Series A senior cumulative preferred stock and 73,959 shares of Series B junior cumulative preferred stock outstanding. In addition, as of March 27, 2005, there were warrants to purchase 640,224 shares of our Class A common stock and 853,633 shares of our Class B common stock outstanding.

Prior to the completion of this offering, we will amend and restate our certificate of incorporation, which amendment and restatement we refer to as the "Recapitalization," to (1) reclassify our Class A common stock as common stock, (2) increase the authorized shares of common stock and (3) authorize shares of a new class of undesignated preferred stock. After the Recapitalization, our authorized capital stock will consist of 100,000,000 shares of common stock, 1,000,000 shares of Class B common stock and 10,150,000 shares of preferred stock.

In connection with the offering, we expect that all outstanding warrants will be exercised and all shares of Class B common stock received upon the exercise of warrants to purchase Class B common stock will be converted into shares of our common stock. We expect that all of the shares of common stock received upon such conversion will be offered and sold in this offering. We also intend to use a portion of the net proceeds from this offering to redeem all of our outstanding Senior Preferred Stock and redeem or repurchase all of our Junior Preferred Stock. After giving effect to the Recapitalization and this offering and the application of the net proceeds to us therefrom toward our intended use as set forth in "Use of Proceeds," as well as the exercise of the warrants and the conversion into common stock of all shares of Class B common stock issued upon exercise of warrants, there will be outstanding 22,412,746 shares of common stock, no shares of Class B common stock and no shares of preferred stock. We do not expect to issue any shares of Class B common stock, Senior Preferred Stock or Junior Preferred Stock following this offering.

Our new senior credit facilities require us to use at least 50% of the net proceeds from all equity offerings, including this offering, to repay indebtedness under these facilities. Accordingly, we need to obtain the consent of the lenders under our new senior credit facilities to use the net proceeds from this offering in the manner described above, which consent we are currently seeking. If we are unable to obtain the required consents, we will use 50% of the net proceeds from this offering to repay indebtedness under our new senior credit facilities and use the remaining net proceeds to redeem all of our outstanding Senior Preferred Stock and repurchase a portion of our outstanding Junior Preferred Stock. In this case, Junior Preferred Stock with a liquidation value of approximately $19.2 million will remain outstanding upon completion of the offering.

Common Stock

Each holder of our common stock will be entitled to one vote for each share on all matters to be voted upon by the stockholders and there will be no cumulative rights. Subject to preferences to which holders of preferred stock may be entitled, holders of our common stock will be entitled to receive ratably the dividends, if any, as may be declared from time to time by the board of directors out of funds legally available therefor. See "Dividend Policy and Restrictions." If there is a liquidation, dissolution or winding up of us, holders of our common stock would be entitled to share in our assets remaining after the payment of liabilities, and the satisfaction of any liquidation preference granted to the holders of any outstanding shares of preferred stock. Holders of our common stock will have no preemptive or conversion rights or other subscription rights and there will be no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of our common stock will be fully paid and non-assessable. The rights, preferences and privileges of the holders of our

common stock will be subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock which we may designate in the future.

Class B Common Stock

Each share of our Class B common stock is convertible into one share of common stock at any time at the option of the holders of our Class B common stock. There will be no shares of our Class B common stock outstanding, and we do not expect any shares of Class B common stock to be issued following the completion of this offering. Holders of Class B common stock generally will not have the right to vote on any matters. After giving effect to the Recapitalization, each share of Class B common stock will be convertible into one share of common stock.

Series A Senior Cumulative Preferred Stock

As of March 27, 2005, there were 11,162 shares of our Senior Preferred Stock outstanding. Dividends on the Senior Preferred Stock accrue daily at a rate of 14% per annum on the outstanding liquidation preference thereon (equal to $1,000 per share) plus accrued but unpaid dividends. Dividends and certain other distributions may not be paid on our shares of Junior Preferred Stock or common stock until all of the shares of our Senior Preferred Stock have been repurchased or redeemed. Holders of shares of Senior Preferred Stock are entitled to receive a preferential payment in the amount of their liquidation preference, plus any accrued but unpaid dividends thereon, in the event of our liquidation, dissolution or winding up before any payment to the holders of Junior Preferred Stock or common stock. We are required to redeem the Senior Preferred Stock on September 17, 2011, or if requested by the holders thereof, upon a change in control, an initial public offering including this offering, and upon certain defaults under our amended and restated certificate of incorporation or credit facilities. Holders of Senior Preferred Stock are generally not entitled to vote on matters submitted to the stockholders, except with respect to certain matters that will affect them adversely as class. We will use a portion of the net proceeds of this offering to redeem or repurchase our remaining outstanding shares of Senior Preferred Stock, and there will be no shares of Senior Preferred Stock outstanding immediately thereafter. See “Use of Proceeds.”

Series B Junior Cumulative Preferred Stock

As of March 27, 2005, there were 73,959 shares of our Junior Preferred Stock outstanding. Dividends on the Junior Preferred Stock accrue daily at a rate of 8% per annum on the outstanding liquidation preference thereon (equal to $1,000 per share) plus accrued but unpaid dividends. Dividends and certain other distributions may not be paid on our shares of common stock until all of the shares of our Junior Preferred Stock have been repurchased or redeemed. Holders of shares of Senior Preferred Stock are entitled to receive a preferential payment in the amount of their liquidation preference, plus any accrued but unpaid dividends thereon, in the event of our liquidation, dissolution or winding up before any payment to the holders of Junior Preferred Stock or common stock. We can repurchase or redeem Junior Preferred Stock only if all of the outstanding shares of Senior Preferred Stock have been redeemed. We can require each share of Junior Preferred stock to convert into common stock upon an initial public offering of our common stock, including this offering, in a per share amount equal to the liquidation value of each share plus accumulated but unpaid dividends thereon, divided by the offering price of our common stock sold in the initial public offering. We intend to use a portion of the net proceeds of this offering to redeem or repurchase all of our outstanding Junior Preferred Stock, and we expect that there will be no shares of Junior Preferred Stock outstanding upon completion of this offering. We are currently seeking the consent of the lenders under our new senior credit facilities to enable us to redeem or repurchase all of the outstanding Junior Preferred Stock with a portion of the net proceeds from this offering. If we are unable to obtain the required consents, Junior Preferred Stock with a liquidation value of approximately $19.2 million will remain outstanding upon completion of this offering. See “Use of Proceeds.”

Warrants

As of March 27, 2005, there were outstanding warrants to purchase 640,224 shares of our Class A common stock and 853,632 shares of Class B common stock, all of which were currently exercisable as of such date. The

warrants to purchase our Class B common stock and the warrants to purchase our Class A common stock expire September 17, 2009, and have an exercise price of $0.01 per share. Wachovia Investors, Inc., an affiliate of Wachovia Capital Markets, LLC, owns warrants to purchase 853,632 shares of our Class B common stock, and the Goldman Funds, affiliates of Goldman, Sachs & Co., collectively own warrants to purchase 640,224 shares of our Class A common stock. We expect all of the warrants will be exercised in full immediately prior to the closing of this offering and all of the shares of common stock received upon exercise of the warrants will be sold in this offering.

Registration Rights

See "Certain Relationships and Related Transactions" for a description of the registration agreement we have entered into with our shareholders.

Anti-Takeover Effects of Various Provisions of Delaware Law and Our Amended and Restated Certificate of Incorporation and Bylaws

Provisions of the Delaware General Corporation Law (the "DGCL") and our amended and restated certificate of incorporation and bylaws could make it more difficult to acquire us by means of a tender offer, a proxy contest or otherwise, or to remove incumbent officers and directors. These provisions, summarized below, are expected to discourage types of coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to first negotiate with us. We believe that the benefits of increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

Delaware Anti-Takeover Statute. We will be subject to Section 203 of the DGCL, an anti-takeover statute. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the time the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years prior to the determination of interested stockholder status, did own) 15 percent or more of a corporation's voting stock. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by the board of directors, including discouraging attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

No Cumulative Voting. The DGCL provides that stockholders are denied the right to cumulate votes in the election of directors unless our amended and restated certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation will not provide for cumulative voting.

Stockholder Action by Written Consent; Calling of Special Meeting of Stockholders. Our amended and restated certificate of incorporation will provide that stockholder action can be taken only at an annual or special meeting of stockholders and cannot be taken by written consent in lieu of a meeting, and that special meetings of our stockholders may be called only by a majority of our board of directors or by the chairman of the board of directors.

Limitations on Liability and Indemnification of Officers and Directors. The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties as directors. Our organizational documents will include provisions that eliminate, to the extent allowable under the DGCL, the personal liability of directors or officers for monetary damages for actions taken as a director or officer, as the case may be. Our organizational

documents will also provide that we must indemnify and advance reasonable expenses to our directors and officers to the fullest extent authorized by the DGCL. We will also be expressly authorized to carry directors' and officers' insurance for our directors, officers and certain employees for some liabilities.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent that, in a class action or direct suit, we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

Authorized but Unissued Shares. Our authorized but unissued shares of common stock and preferred stock will be available for future issuance without your approval. We may use additional shares for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Supermajority Provisions. The DGCL provides generally that the affirmative vote of a majority of the share entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless either a corporation's certificate of incorporation or bylaws require a greater percentage. Our amended and restated certificate of incorporation and bylaws will provide that the affirmative vote of holders of at least 66 $^{2}/_{3}$% of the total votes eligible to be cast in the election of directors will be required to amend, alter, change or repeal our bylaws and specified charter provisions, and the affirmative vote of holders of at least 80% of our common stock will be required to amend, alter, change or repeal provisions of our amended and restated certificate of incorporation related to corporate opportunities and transactions with Madison Dearborn. See "—Corporate Opportunities and Transactions with Madison Dearborn." This requirement of a super-majority vote to approve amendments to our amended and restated certificate of incorporation and bylaws could enable a minority of our stockholders to exercise veto power over any such amendments.

Corporate Opportunities and Transactions with Madison Dearborn

In recognition that directors, officers, stockholders, members, managers and/or employees of Madison Dearborn and its affiliates and investment funds (collectively, the "Madison Dearborn Entities") may serve as our directors and/or officers, and that the Madison Dearborn Entities may engage in similar activities or lines of business that we do, our amended and restated certificate of incorporation will provide for the allocation of certain corporate opportunities between us and the Madison Dearborn Entities. Specifically, none of the Madison Dearborn Entities or any director, officer, stockholder, member, manager or employee of the Madison Dearborn Entities has any duty to refrain from engaging directly or indirectly in the same or similar business activities or lines of business that we do. In the event that any Madison Dearborn Entity acquires knowledge of a potential transaction or matter which may be a corporate opportunity for itself and us, we will not have any expectancy in such corporate opportunity, and the Madison Dearborn Entity will not have any duty to communicate or offer such corporate opportunity to us and may pursue or acquire such corporate opportunity for itself or direct such opportunity to another person. In addition, if a director or officer of our company who is also a director, officer, member, manager or employee of any Madison Dearborn Entity acquires knowledge of a potential transaction or matter which may be a corporate opportunity for us and a Madison Dearborn Entity, we will not have any expectancy in such corporate opportunity unless such corporate opportunity is expressly offered to such person solely in his or her capacity as a director or officer of our company.

In recognition that we may engage in material business transactions with the Madison Dearborn Entities, from which we are expected to benefit, our amended and restated certificate of incorporation will provide that any of our directors or officers who are also directors, officers, stockholders, members, managers and/or employees of any Madison Dearborn Entity will have fully satisfied and fulfilled his or her fiduciary duty to us and our stockholders with respect to such transaction, if:

- the transaction was approved, after being made aware of the material facts of the relationship between each of Ruth's Chris or a subsidiary thereof and the Madison Dearborn Entity and the material terms and facts of the transaction, by (1) an affirmative vote of a majority of the members of our board of directors who do not have a material financial interest in the transaction ("Disinterested Persons") or (2) an affirmative vote of a majority of the members of a committee of our board of directors consisting of members who are Disinterested Persons; or
- the transaction was fair to us at the time we entered into the transaction; or
- the transaction was approved by an affirmative vote of the holders of a majority of shares of our common stock entitled to vote, excluding the Madison Dearborn Entities and any holder who has a material financial interest in the transaction.

By becoming a stockholder in our company, you will be deemed to have received notice of and consented to these provisions of our amended and restated certificate of incorporation. Any amendment to the foregoing provisions of our amended and restated certificate of incorporation requires the affirmative vote of at least 80% of the voting power of all shares of our common stock then outstanding.

Listing

Our common stock has been approved for listing on the Nasdaq National Market under the symbol "RUTH."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be Wachovia Bank, N.A.

SHARES ELIGIBLE FOR FUTURE SALE

Future sales or the availability for sale of substantial amounts of our common stock in the public market could adversely affect prevailing market prices and could impair our ability to raise capital through future sales of our securities. Upon completion of this offering, 22,412,746 shares of our common stock will be outstanding. All of these shares will be freely tradable without restriction or further registration under the Securities Act, unless held by our "affiliates," as that term is defined in Rule 144 under the Securities Act. Upon completion of this offering, our existing equity investors will own 10,982,746 shares of common stock, representing an aggregate 49.0% ownership interest in us after the offering.

If permitted under our new senior credit facilities, we may issue shares of common stock from time to time as consideration for future acquisitions, investments or other corporate purposes. In the event any such acquisition, investment or other transaction is significant, the number of shares of common stock that we may issue may in turn be significant. In addition, we may also grant registration rights covering those shares of common stock issued in connection with any such acquisitions and investments.

Rule 144

In general, under Rule 144, as currently in effect, beginning 90 days after the date of this prospectus, any person, including an affiliate, who has beneficially owned shares of our common stock for a period of at least one year is entitled to sell, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the then-outstanding shares of common stock; and
- the average weekly trading volume of the common stock during the four calendar weeks preceding the date on which the notice of the sale is filed with the Securities and Exchange Commission.

Sales under Rule 144 are also subject to provisions relating to notice, manner of sale, volume limitations and the availability of current public information about us.

Following the lock-up period, all shares of our common stock that are restricted securities or are held by our affiliates as of the date of this prospectus will be eligible for sale in the public market in compliance with Rule 144 under the Securities Act, subject to vesting restrictions, in the case of restricted stock issued in November 2004.

Rule 144(k)

Under Rule 144(k), a person who is not deemed to have been one of our affiliates at any time during the 90 days preceding a sale, and who has beneficially owned the shares for at least two years, including the holding period of any prior owner other than an "affiliate," is entitled to sell the shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144.

Rule 701

In general, under Rule 701 under the Securities Act, any of our employees, directors, officers, consultants or advisors who purchased shares of our common stock from us in connection with a compensatory stock or option plan or other written agreement before the effective date of this offering, or who purchased shares of our common stock from us after that date upon the exercise of options granted before that date, are eligible to resell such shares in reliance upon Rule 144. If such person is not an affiliate, such sale may be made subject only to the manner of sale provisions of Rule 144. If such a person is an affiliate, such sale may be made under Rule 144 without compliance with its one-year minimum holding period, but subject to the other Rule 144 restrictions.

Lock-Up Arrangements

We, our executive officers and directors and all of our current stockholders, have agreed to a 180-day "lock-up," subject to certain exceptions, with respect to all shares of our common stock, including securities that are

convertible into such securities and securities that are exchangeable or exercisable for such securities, which we may issue or they may own prior to this offering or purchase in or after this offering, as the case may be. This means that for a period of 180 days following the date of this prospectus, or longer, in certain circumstances, we and such persons may not offer, sell, pledge or otherwise dispose of any of these securities or request or demand that we file a registration statement related to any of these securities without the prior written consent of Banc of America Securities LLC and Wachovia Capital Markets, LLC.

Registration Rights

As described above in "Certain Relationships and Related Transactions—Registration Agreement," following the completion of this offering, subject to the 180-day lock-up period described above, Madison Dearborn will be entitled, subject to certain exceptions, to demand the filing of and include up to approximately 9.2 million shares in registration statements relating to our securities. If this right is exercised, holders of up to an additional approximately 1.3 million shares will be entitled to participate in such a registration. By exercising their registration rights and causing a large number of shares to be registered and sold in the public market, these holders could cause the price of the common stock to fall. In addition, any demand to include such shares in our registration statements could have a material adverse effect on our ability to raise needed capital.

Registration on Form S-8

We intend to file a registration statement on Form S-8 under the Securities Act to register approximately 4,138,809 shares of common stock reserved for issuance under our 2000 Stock Option Plan, our 2004 Restricted Stock Plan and our 2005 Long-Term Equity Incentive Plan. This registration statement is expected to be filed following the effective date of the registration statement of which this prospectus is a part and will be effective upon filing. Shares issued under these plans will be eligible for resale in the public market without restriction, subject to Rule 144 limitations applicable to affiliates and the lock-up agreements described above.

UNDERWRITING

We and the selling stockholders are offering the shares of common stock described in this prospectus through a number of underwriters. Banc of America Securities LLC, Wachovia Capital Markets, LLC, Goldman, Sachs & Co., RBC Capital Markets Corporation, CIBC World Markets Corp., SG Cowen & Co., LLC and Piper Jaffray & Co. are the representatives of the underwriters. We and the selling stockholders have entered into a firm commitment underwriting agreement with the representatives. Subject to the terms and conditions of the underwriting agreement, we and the selling stockholders have agreed to sell to the underwriters, and each underwriter has agreed to purchase, the number of shares of common stock (or warrants exercisable for Class B common stock that will be converted into common stock) listed next to its name in the following table:

Underwriter	Number of Shares
Banc of America Securities LLC	
Wachovia Capital Markets, LLC	
Goldman, Sachs & Co.	
RBC Capital Markets Corporation	
CIBC World Markets Corp.	
SG Cowen & Co., LLC	
Piper Jaffray & Co.	
Total	11,430,000

The underwriting agreement is subject to a number of terms and conditions and provides that the underwriters must buy all of the shares and warrants if they buy any of them. The underwriters will sell the shares to the public when and if the underwriters buy the shares from us and the selling stockholders. The warrants will not be sold in the offering, but will be exercised by the underwriters for Class B common stock that will be converted into common stock that will be sold in the offering.

The underwriters initially will offer the shares to the public at the price specified on the cover page of this prospectus. The underwriters may allow a concession of not more than $ per share to selected dealers. The underwriters may also allow, and those dealers may re-allow, a concession of not more than $ per share to some other dealers. If all the shares are not sold at the public offering price, the underwriters may change the public offering price and the other selling terms. The common stock is offered subject to a number of conditions, including:

- receipt and acceptance of the common stock by the underwriters; and
- the underwriters' right to reject orders in whole or in part.

Over-Allotment Option. Affiliates of Madison Dearborn have granted the underwriters an over-allotment option to purchase up to 1,714,500 additional shares of our common stock at the same price per share as they are paying for the shares shown in the table above. These additional shares would cover sales of shares by the underwriters that exceed the total number of shares shown in the table above. The underwriters may exercise this option at any time within 30 days after the date of this prospectus. To the extent that the underwriters exercise this option, each underwriter will purchase additional shares from the affiliates of Madison Dearborn in approximately the same proportion as it purchased the shares shown in the table above. If purchased, the additional shares will be sold by the underwriters on the same terms as those on which the other shares are sold. The company will pay the expenses associated with the exercise of this option.

Availability of Prospectus Online. A prospectus in electronic format may be made available on the web sites maintained by one or more of the underwriters participating in this offering or on the netroadswhow.com website. Other than the prospectus in electronic format, the information on any such web site, or accessible though any such web site, is not part of the prospectus.

Discount and Commissions. The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us and by the selling stockholders. These amounts are shown assuming no exercise and full exercise of the underwriters' option to purchase additional shares.

	Paid by Us		Paid by the Selling Stockholders	
	No Exercise	Full Exercise	No Exercise	Full Exercise
Per Share	$	$	$	$
Total	$	$	$	$

We estimate that the expenses of the offering to be paid by us, not including underwriting discounts and commissions, will be approximately $2.6 million.

Listing. Our common stock has been approved for listing on the Nasdaq National Market under the symbol “RUTH.”

Stabilization. In connection with this offering, the underwriters may engage in activities that stabilize, maintain or otherwise affect the price of our common stock, including:

- stabilizing transactions;
- short sales;
- syndicate covering transactions;
- imposition of penalty bids; and purchases to cover positions created by short sales.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of our common stock while this offering is in progress. Stabilizing transactions may include making short sales of common stock, which involves the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering, and purchasing shares of common stock from us or on the open market to cover positions created by short sales. Short sales may be “covered” shorts, which are short positions in an amount not greater than the underwriters’ over-allotment option referred to above, or may be “naked” shorts, which are short positions in excess of that amount. Syndicate covering transactions involve purchases of our common stock in the open market after the distribution has been completed in order to cover syndicate short positions.

The underwriters may close out any covered short position either by exercising their over-allotment option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares through the over-allotment option.

A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchased in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The representatives also may impose a penalty bid on underwriters and dealers participating in the offering. This means that the representatives may reclaim from any syndicate members or other dealers participating in the offering the underwriting discount on shares sold by them and purchased by the representatives in stabilizing or short covering transactions.

These activities may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result of these activities, the price of our common stock may be higher than the price that otherwise might exist in the open market. If the underwriters and the selling stockholders commence the activities, they may discontinue them at any time. The underwriters and the selling stockholders may carry out these transactions on the Nasdaq National Market, in the over-the-counter market or otherwise.

Market Making. In connection with this offering, some underwriters and any selling group members who are qualified market makers on the Nasdaq National Market may engage in passive market making transactions in our common stock on the Nasdaq National Market. Passive market making is allowed during the period when the SEC's rules would otherwise prohibit market activity by the underwriters and dealers who are participating in this offering. Passive market making may occur during the business day before the pricing of this offering, before the commencement of offers or sales of the common stock. A passive market maker must comply with applicable volume and price limitations and must be identified as a passive market maker. In general, a passive market maker must display its bid at a price not in excess of the highest independent bid for our common stock; but if all independent bids are lowered below the passive market maker's bid, the passive market maker must also lower its bid once it exceeds specified purchase limits. Net purchases by a passive market maker on each day are limited to a specified percentage of the passive market maker's average daily trading volume in our common stock during the specified period and must be discontinued when that limit is reached. Passive market making may cause the price of our common stock to be higher than the price that otherwise would exist in the open market in the absence of those transactions. The underwriters and dealers are not required to engage in a passive market making and may end passive market making activities at any time.

Selling Restrictions. Each underwriter has represented, warranted and agreed that: (i) it has not offered or sold and, prior to the expiry of a period of six months from the closing date, will not offer or sell any shares to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of any shares in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

The shares may not be offered or sold, transferred or delivered, as part of their initial distribution or at any time thereafter, directly or indirectly, to any individual or legal entity in the Netherlands other than to individuals or legal entities who or which trade or invest in securities in the conduct of their profession or trade, which includes banks, securities intermediaries, insurance companies, pension funds, other institutional investors and commercial enterprises which, as an ancillary activity, regularly trade or invest in securities.

The shares may not be offered or sold by means of any document other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, and no advertisement, invitation or document relating to the shares may be issued, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation or subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than under circumstances in which such offer, sale or invitation does not constitute an offer or sale, or invitation for subscription or purchase, of the shares to the public in Singapore.

The shares have not been and will not be registered under the Securities and Exchange Law of Japan (the Securities and Exchange Law) and each underwriter has agreed that it will not offer or sell any shares, directly or

indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Discretionary Accounts. The underwriters have informed us that they do not expect to make sales to accounts over which they exercise discretionary authority in excess of 5% of the shares of common stock being offered.

IPO Pricing. Prior to this offering, there has been no public market for our common stock. The initial public offering price will be negotiated between us and the representatives of the underwriters. Among the factors to be considered in these negotiations are:

- the history of, and prospects for, our company and the industry in which we compete;
- our past and present financial performance;
- an assessment of our management;
- the present state of our development;
- the prospects for our future earnings;
- the prevailing conditions of the applicable United States securities market at the time of this offering;
- market valuations of publicly traded companies that we and the representatives of the underwriters believe to be comparable to us; and
- other factors deemed relevant.

The estimated initial public offering price range set forth on the cover of this preliminary prospectus is subject to change as a result of market conditions and other factors.

Qualified Independent Underwriter/NASD Regulations. Banc of America Securities LLC, Wachovia Capital Markets, LLC and Goldman, Sachs & Co. are members of the National Association of Securities Dealers, Inc. (“NASD”). An affiliate of Banc of America Securities LLC is a lender under our new senior credit facilities, a portion of which will be repaid with a portion of the proceeds of this offering. Wachovia Investors, Inc., an affiliate of Wachovia Capital Markets, LLC, is a holder of our Senior Preferred Stock and will therefore receive some of the proceeds of this offering in connection with the redemption or repurchase of our Senior Preferred Stock. Wachovia Investors, Inc. will also receive proceeds from its sale of common stock (or warrants exercisable for Class B common stock that is convertible into common stock) in this offering. In addition, GS Mezzanine Partners, LP and GS Mezzanine Partners Offshore, LP, affiliates of Goldman, Sachs & Co., will receive proceeds from their sale of common stock (or warrants exercisable for common stock) in this offering. Therefore, the underwriters, together with their affiliates, may receive more than 10% of the net proceeds of this offering, not including underwriting discounts and commissions. In addition, immediately prior to the offering, Wachovia Investors, Inc. may own 10% or more of our preferred equity. Accordingly, this offering is being conducted in accordance with the applicable requirements of Conduct Rules 2710(h) and 2720 of the NASD. In an initial public offering of equity securities, those rules require that the offering price must be no higher than the price recommended by a qualified independent underwriter, which has participated in the preparation of the registration statement and which has performed its usual standard of due diligence in respect of the offering. SG Cowen & Co., LLC has agreed to act as qualified independent underwriter with respect of this offering. The initial public offering price of our common stock will be no higher than that recommended by SG Cowen & Co., LLC. SG Cowen & Co., LLC will not receive any additional compensation for acting in this capacity in connection with this offering; we have agreed to indemnify SG Cowen & Co., LLC for liabilities incurred in its capacity as qualified independent underwriter, including against liabilities under the Securities Act. With respect to those customer accounts over which the underwriters have discretionary control, the underwriters will not execute any transaction in the shares of common stock being offered in connection with this offering without first obtaining the prior specific written approval of such customer.

Lock-up Agreements. We, our directors and executive officers and all of our current stockholders have entered into lock-up agreements with the underwriters. Under these agreements, subject to exceptions, we may not issue any new shares of common stock, and those holders of stock and options may not, directly or indirectly, offer, sell, contract to sell, pledge or otherwise dispose of or hedge any common securities convertible into or exchangeable for shares of common stock, or publicly announce the intention to do any of the foregoing, without the prior written consent of Banc of America Securities LLC and Wachovia Capital Markets, LLC for a period of 180 days from the date of this prospectus. This consent may be given at any time without public notice. In addition, during this 180 day period, we have also agreed not to file any registration statement for, and each of our officers and stockholders has agreed not to make any demand for, or exercise any right of, the registration of, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock or the filing of a prospectus with any Canadian securities regulatory authority without the prior written consent of Banc of America Securities LLC. The lock-up may be extended in certain circumstances if we issue a press release covering our results of operations during the last 17 days of the lock-up period or if, prior to the expiration of the lock-up period, we announce that we will issue our results of operations during the 16-day period beginning on the last day of the lock-up period.

Directed Share Program. At our request, the underwriters have reserved for sale to our employees, business associates and other third parties at the initial public offering price up to 5% of the shares being offered by this prospectus. The sale of the reserved shares to these purchasers will be made by Wachovia Capital Markets, LLC. The purchasers of these shares will be subject to lock-up agreements with us. We do not know if our employees, directors, families of employees and directors, business associates and other third parties will choose to purchase all or any portion of the reserved shares, but any purchases they do make will reduce the number of shares available to the general public. If all of these reserved shares are not purchased, the underwriters will offer the remainder to the general public on the same terms as the other shares offered by this prospectus.

Indemnification. We and the selling stockholders will indemnify the underwriters against some liabilities, including liabilities under the Securities Act and Canadian provincial securities legislation. If we and the selling stockholders are unable to provide this indemnification, we and the selling stockholders will contribute to payments the underwriters may be required to make in respect of those liabilities.

Selling Stockholders. The selling stockholders may be deemed to be “underwriters” within the meaning of the Securities Act. Any discounts, commissions, concessions or profits they earn on any sale of the shares may be underwriting discounts and commissions under the Securities Act. Selling stockholders who are deemed to be “underwriters” within the meaning of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act.

Conflicts/Affiliates. The underwriters and their affiliates have provided, and may in the future provide, various investment banking, commercial banking and other financial services for us and our affiliates and the selling stockholders for which services they have received, and may in the future receive, customary fees. An affiliate of Banc of America Securities LLC is a lender under our new senior credit facilities and therefore will also receive a portion of the net proceeds of this offering in connection with our repayment of a portion of outstanding indebtedness under our new senior credit facilities. Wachovia Investors, Inc., an affiliate of Wachovia Capital Markets, LLC, owns all of our Senior Preferred Stock outstanding and therefore will receive a portion of the net proceeds of this offering in connection with our redemption of the Senior Preferred Stock. Wachovia Investors, Inc. will also receive proceeds from its sale of common stock (or warrants exercisable for Class B common stock that is convertible into common stock) in this offering. In addition, GS Mezzanine Partners, LP and GS Mezzanine Partners Offshore, LP, affiliates of Goldman, Sachs & Co., will receive proceeds from their sale of common stock (or warrants exercisable for common stock) in this offering.

LEGAL MATTERS

The validity of the common stock offered hereby will be passed upon for us by Kirkland & Ellis LLP, a limited liability partnership that includes professional corporations, Chicago, Illinois. Certain partners of Kirkland & Ellis LLP, through investment partnerships, beneficially own equity interests in Ruth's Chris Steak House representing less than 1% of the common stock outstanding immediately prior to this offering. Kirkland & Ellis LLP represents entities affiliated with Madison Dearborn Partners, LLC in connection with certain legal matters. The underwriters are represented by Shearman & Sterling LLP, New York, New York.

EXPERTS

The consolidated financial statements of Ruth's Chris Steak House, Inc. as of December 26, 2004 and December 28, 2003 and for each of the fiscal years in the three-year period ended December 26, 2004, have been included herein in reliance on the report of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed a Registration Statement on Form S-1 with the SEC regarding this offering. This prospectus, which is part of the registration statement, does not contain all of the information included in the registration statement, and you should refer to the registration statement and its exhibits to read that information. You may read and copy the registration statement, related exhibits and other information we file with the SEC at the SEC's public reference facilities maintained by the SEC at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. You can also request copies of those documents, upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. The SEC also maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file with the SEC. The site's Internet address is www.sec.gov.

You may also request a copy of these filings, at no cost, by writing or telephoning us at:

Ruth's Chris Steak House, Inc.
3321 Hessmer Avenue
Metairie, Louisiana 70002
(504) 454-6560

Upon completion of this offering, we will become subject to the informational requirements of the Exchange Act and will be required to file reports, proxy statements and other information with the SEC. You will be able to inspect and copy these reports, proxy statements and other information at the public reference facilities maintained by the SEC at the address noted above. You will also be able to obtain copies of this material from the Public Reference Room of the SEC as described above, or inspect them without charge at the SEC's web site. We intend to furnish our stockholders with annual reports containing consolidated financial statements audited by, reported on, and with an opinion expressed by an independent accounting firm.

INDEX TO FINANCIAL STATEMENTS

When the transaction referred to in paragraph one of Note 18 of the Notes to Consolidated Financial Statements has been consummated, we will be in a position to render the following report.

/s/ KPMG LLP

Report of Independent Registered Public Accounting Firm

The Board of Directors
Ruth's Chris Steak House, Inc.:

We have audited the accompanying consolidated balance sheets of Ruth's Chris Steak House, Inc. and subsidiaries (the Company) as of December 28, 2003 and December 26, 2004, and the related consolidated income statements, statements of shareholders' deficit and cash flows for each of the years in the three-year period ended December 26, 2004. In connection with our audits of the consolidated financial statements, we have also audited the accompanying financial statement schedule for the years ended December 29, 2002, December 28, 2003 and December 26, 2004. These consolidated financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ruth's Chris Steak House, Inc. and subsidiaries as of December 28, 2003 and December 26, 2004, and the results of their operations and their cash flows for each of the years in the three-year period ended December 26, 2004, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in note 2 to the consolidated financial statements, the Company adopted the provisions of Statement of Financial Accounting Standards No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity, in 2003.

New Orleans, Louisiana
April 22, 2005, except for paragraph one of Note 18
which is as of , 2005

RUTH'S CHRIS STEAK HOUSE, INC. AND SUBSIDIARIES

Consolidated Balance Sheets
(dollar amounts in thousands, except per share data)

	December 28, 2003	December 26, 2004	March 27, 2005	March 27, 2005
Assets			**(unaudited)**	**(pro forma) (unaudited)**
Current assets:				
Cash and cash equivalents	$ 5,130	$ 3,906	$ 2,054	$ 2,054
Accounts receivable, less allowance for doubtful accounts 2003—$174; 2004—$275	5,180	5,030	5,150	5,150
Inventory	3,172	3,665	3,557	3,557
Prepaid expenses and other	1,709	2,179	1,816	1,816
Deferred income taxes	444	771	765	765
Total current assets	15,635	15,551	13,342	13,342
Property and equipment, net	63,404	52,739	52,438	52,438
Goodwill	30,533	30,533	30,533	30,533
Deferred income taxes	5,585	9,278	9,175	9,175
Assets held for sale	—	2,100	2,100	2,100
Other assets	2,397	3,281	2,219	2,219
Total assets	$ 117,554	$ 113,482	109,807	109,807
Liabilities and Shareholders' Equity (Deficit)				
Current liabilities:				
Current maturities of long-term debt	$ —	$ —	$ 3,316	$ 3,316
Accounts payable and accrued expenses	16,113	18,577	17,718	17,718
Deferred revenue	11,996	14,692	12,974	12,974
Due upon redemption of preferred stock	—	—	—	85,004
Other current liabilities	312	452	1,084	1,084
Total current liabilities	28,421	33,721	35,092	120,096
Long-term debt	97,373	80,931	101,684	101,684
Mandatorily redeemable senior preferred stock (liquidation preference of $11,162 at March 27, 2005 (unaudited), $39,986 at December 26, 2004 and $34,962 at December 28, 2003)	34,786	39,857	11,045	—
Deferred rent	10,853	9,767	9,994	9,994
Other liabilities	79	719	1,214	1,214
Total liabilities	171,512	164,995	159,029	232,988
Commitments and contingencies (Note 14)				
Shareholders' equity (deficit):				
Junior preferred stock, par value $.01 per share; authorized 92,000 shares, 73,959 shares issued and outstanding at March 27, 2005 (unaudited), 72,537 shares issued and outstanding at December 26, 2004 and 67,164 shares issued and outstanding at December 28, 2003, aggregate liquidation preference of $73,959 at March 27, 2005 (unaudited), $72,537 at December 26, 2004 and $67,164 at December 28, 2003	67,164	72,537	73,959	—
Class A common stock, par value $.01 per share; 100,000,000 shares authorized, 11,543,889 shares issued and outstanding at March 27, 2005 (unaudited), 11,543,889 shares issued and outstanding at December 26, 2004 and 10,376,405 shares issued and outstanding at December 28, 2003	104	115	115	115
Class B common stock, par value $.01 per share; 1,000,000 shares authorized, no shares issued and outstanding	—	—	—	—
Additional paid-in capital	5,556	5,548	5,548	5,548
Accumulated equity (deficit)	(126,782)	(129,713)	(128,844)	(123,181)
Total shareholders' equity (deficit)	(53,958)	(51,513)	(49,222)	(123,181)
Total liabilities and shareholders' equity (deficit)	$ 117,554	$ 113,482	$ 109,807	109,807

See accompanying notes to consolidated financial statements.

RUTH'S CHRIS STEAK HOUSE, INC AND SUBSIDIARIES

Consolidated Income Statements
(dollar amounts in thousands)

	Fiscal Year Ended			Fiscal Quarter Ended	
	December 29, 2002	December 28, 2003	December 26, 2004	March 28, 2004	March 27, 2005
				(unaudited)	
Revenues:					
Restaurant sales	$ 144,963	$ 158,578	$ 182,280	$ 47,348	$ 53,889
Franchise income	8,369	8,829	9,500	2,480	2,647
Other operating income	251	373	417	78	117
Total revenues	153,583	167,780	192,197	49,906	56,653
Costs and expenses:					
Food and beverage costs	46,710	55,612	61,412	16,736	16,497
Restaurant operating expenses	67,157	74,129	82,956	20,696	23,314
Marketing and advertising	6,609	6,478	6,730	1,672	2,353
General and administrative	9,847	8,792	10,938	2,151	3,129
Depreciation and amortization	6,033	6,782	6,469	1,644	1,617
Pre-opening costs	2,053	497	364	—	109
Operating income	15,174	15,490	23,328	7,007	9,634
Other income (expense):					
Interest income	189	68	—	1	—
Interest expense	(9,757)	(9,587)	(10,320)	(2,955)	(4,134)
Accrued dividends and accretion on mandatorily redeemable senior preferred stock	—	(2,243)	(5,071)	(1,194)	(1,188)
Other	1,044	512	(841)	71	38
Income from continuing operations before income tax expense	6,650	4,240	7,096	2,930	4,350
Income tax expense	428	1,344	735	304	1,551
Income from continuing operations	6,222	2,896	6,361	2,626	2,799
Discontinued operations:					
Loss from operations of discontinued restaurants, net of income tax benefit: 2002-$146; 2003-$1,057; 2004-$2,811; 2004 Q1-$120; 2005 Q1-$198	538	1,648	3,919	168	508
Net income	$ 5,684	$ 1,248	$ 2,442	$ 2,458	$ 2,291
Less dividends earned on mandatorily redeemable senior preferred stock and accretion of discount	$ 4,777	$ 2,135	$ —	$ —	$ —
Less dividends earned on junior preferred stock	5,713	4,975	5,373	1,317	1,422
Net income (loss) available to common shareholders	$ (4,806)	$ (5,862)	$ (2,931)	$ 1,141	$ 869
Basic earnings (loss) per share:					
Continuing operations	$ (0.36)	$ (0.36)	$ 0.08	$ 0.11	$ 0.11
Discontinued operations	(0.05)	(0.14)	(0.33)	(0.01)	(0.04)
Basic earnings (loss) per share	$ (0.41)	$ (0.50)	$ (0.25)	$ 0.10	$ 0.07
Diluted earnings (loss) per share:					
Continuing operations	$ (0.36)	$ (0.36)	$ 0.08	$ 0.11	$ 0.10
Discontinued operations	(0.05)	(0.14)	(0.33)	(0.01)	(0.04)
Diluted earnings (loss) per share	$ (0.41)	$ (0.50)	$ (0.25)	$ 0.10	$ 0.06
Supplemental pro forma basic earnings (loss) per share:					
Continuing operations			$ 0.05		$ 0.06
Discontinued operations			(0.19)		(0.02)
Basic earnings (loss) per share			$ (0.14)		$ 0.04
Supplemental pro forma diluted earnings (loss) per share:					
Continuing operations			$ 0.05		$ 0.06
Discontinued operations			(0.19)		(0.02)
Diluted earnings (loss) per share			$ (0.14)		$ 0.04
Shares used in computing supplemental pro forma earnings (loss) per share:					
Basic			21,292,093		22,412,746
Diluted			21,292,093		23,588,459

See accompanying notes to consolidated financial statements.

RUTH'S CHRIS STEAK HOUSE, INC AND SUBSIDIARIES

Consolidated Statements of Shareholders' Deficit
(dollar and share amounts in thousands)

	Junior Preferred Stock		Common Stock				
	Shares	Value	Shares	Value	Additional paid-in capital	Accumulated Deficit	Shareholders' Deficit
Balance at December 30, 2001	56	$ 56,476	10,376	$ 104	$ 5,556	$ (116,114)	$ (53,978)
Net income	—	—	—	—	—	5,684	5,684
Dividends	—	—	—	—	—	(10,371)	(10,371)
Issuance of junior preferred shares	6	5,713	—	—	—		5,713
Accretion of discount on senior redeemable preferred stock	—	—	—	—	—	(119)	(119)
Balance at December 29, 2002	62	62,189	10,376	104	5,556	(120,920)	(53,071)
Net income	—	—	—	—	—	1,248	1,248
Dividends	—	—	—	—	—	(7,049)	(7,049)
Issuance of junior preferred shares	5	4,975	—	—	—		4,975
Accretion of discount on senior redeemable preferred stock	—	—	—	—	—	(61)	(61)
Balance at December 28, 2003	67	67,164	10,376	104	5,556	(126,782)	(53,958)
Net income	—	—	—	—	—	2,442	2,442
Dividends	—	—	—	—	—	(5,373)	(5,373)
Issuance of junior preferred shares	5	5,373	—	—	—	—	5,373
Issuance of restricted common stock	—	—	1,168	11	(8)	—	3
Balance at December 26, 2004	72	72,537	11,544	115	5,548	(129,713)	(51,513)
(unaudited)							
Net income	—	—	—	—	—	2,291	2,291
Dividends	—	—	—	—	—	(1,422)	(1,422)
Issuance of junior preferred shares	2	1,422	—	—	—	—	1,422
Issuance of restricted common stock	—	—	—	—	—	—	—
Balance at March 27, 2005	74	$ 73,959	11,544	$ 115	$ 5,548	$ (128,844)	$ (49,222)

See accompanying notes to consolidated financial statements.

RUTH'S CHRIS STEAK HOUSE, INC AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(dollar amounts in thousands)

	Fiscal Year Ended			Fiscal Quarter Ended	
	December 29, 2002	December 28, 2003	December 26, 2004	March 28, 2004	March 27, 2005
				(unaudited)	
Cash flows from operating activities:					
Net income	$ 5,684	$ 1,248	$ 2,442	$ 2,458	$ 2,291
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	6,033	6,782	6,469	1,644	1,617
Deferred income taxes	(2,454)	(298)	(4,020)	(482)	109
Non-cash interest expense	736	852	1,824	841	1,945
Loss (gain) on sale or disposition of assets	14	20	21	(3)	—
Loss on impairment	—	1,012	5,594	—	—
Accrued dividends and accretion on mandatorily redeemable senior preferred stock	—	2,243	5,071	1,194	1,188
Changes in operating assets and liabilities:					
Accounts receivable	22	112	150	(98)	(111)
Inventories	(122)	(116)	(493)	158	108
Prepaid expenses and other	(368)	(313)	(470)	182	360
Other assets	(65)	(18)	(472)	(1)	(23)
Accounts payable and accrued expenses	1,072	2,836	2,464	1,035	384
Deferred revenue	1,187	936	2,696	(1,363)	(1,718)
Deferred rent	3,375	(240)	(1,086)	(110)	830
Other liabilities	475	(442)	780	661	(717)
Net cash provided by operating activities	15,589	14,614	20,970	6,116	6,263
Cash flows from investing activities:					
Acquisition of property and equipment	(13,569)	(7,489)	(3,518)	(315)	(1,315)
Proceeds from redemption of life insurance	316	—	—	—	—
Decrease (increase) in notes receivable	148	162	—	(47)	(9)
Net cash used in investing activities	(13,105)	(7,327)	(3,518)	(362)	(1,324)
Cash flows from financing activities:					
Principal repayments on long-term debt	(8,727)	(14,164)	(87,190)	(6,711)	(90,000)
Proceeds from long-term financing	8,000	6,750	70,707	—	114,000
Proceeds from sale of restricted common stock	—	—	3	—	—
Redemption of senior preferred stock	—	—	—	—	(30,000)
Deferred financing costs	—	(263)	(2,196)	—	(791)
Net cash used in financing activities	(727)	(7,677)	(18,676)	(6,711)	(6,791)
Net increase (decrease) in cash and cash equivalents	1,757	(390)	(1,224)	(957)	(1,852)
Cash and cash equivalents at beginning of period	3,763	5,520	5,130	5,130	3,906
Cash and cash equivalents at end of period	$ 5,520	$ 5,130	$ 3,906	$ 4,173	$ 2,054
Supplemental disclosures of cash flow information:					
Cash paid during the year for:					
Interest	$ 9,240	$ 8,326	$ 9,467	$ 1,039	$ 2,718
Income taxes	1,197	1,008	824	744	851
Supplemental disclosures of non-cash equity information:					
Senior redeemable preferred stock accretion	119	61	—	—	—
Issuance of junior preferred stock in payment of dividends	5,713	4,975	5,373	1,317	1,422
Issuance of senior preferred stock in payment of dividends	4,658	4,294	5,024	1,182	1,176

See accompanying notes to consolidated financial statements.

RUTH'S CHRIS STEAK HOUSE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(in thousands, except share and per share data)

(1) Organization and Description of Business

Ruth's Chris Steak House, Inc. and its subsidiaries (the Company) operate thirty-nine restaurants and a wholesale restaurant equipment company, and sell franchise rights to franchisees giving them the exclusive right to operate similar restaurants in a particular location designated in the franchise agreement. The Company's franchisees operate all franchised operations. At December 27, 2004 and December 28, 2003, there were 86 and 89 restaurants operating, respectively. Of the 86 restaurants operating at December 27, 2004, 39 were wholly-owned Company restaurants and 47 were franchise restaurants. Of the 89 restaurants operating at December 28, 2003, 40 were wholly-owned Company restaurants and 49 were franchise restaurants. During 2004, one franchise restaurant was closed, two wholly-owned Company restaurants were closed and the Company assumed the operation of one franchise restaurant.

On July 16, 1999, Ruth's Chris Steak House, Inc. entered into a Recapitalization and merger agreement with Madison Dearborn Capital Partners III, L.P. (MDCP), Madison Dearborn Special Equity III, L.P., and Special Advisors Funds I, LLC (collectively, Madison Dearborn) and RUF Merger Corporation (a wholly-owned subsidiary of MDCP) whereby RUF Merger Corporation was merged with and into the Company, with the Company being the surviving corporation. Madison Dearborn, certain members of management, and certain unaffiliated investors acquired all of the outstanding capital stock of the Company for an equity investment of $73,399 (the Recapitalization) on September 17, 1999. The equity investment consisted of (i) a $47,119 investment by Madison Dearborn (comprised of $4,412 of Class A Common Stock of the Company and $42,707 of Junior Preferred Stock), (ii) a $6,280 investment by certain members of management of the Company (comprised of $588 in Class A Common Stock and $5,692 in Junior Preferred Stock), and (iii) a $20,000 investment by certain unaffiliated investors in units consisting of Senior Redeemable Preferred Stock and a warrant to purchase common stock. The financing consisted of (i) $45,000 from the sale of Senior Subordinated Notes and (ii) a $92,000 Senior Credit Facility comprised of a $72,000 term loan facility and a $20,000 revolving credit facility. The Company used the proceeds from the equity investment and approximately $117,000 of aggregate proceeds from the financing described below to pay (i) $147,752 as Recapitalization consideration, (ii) $34,196 in repayment of existing indebtedness, and (iii) $8,451 in transaction fees and expenses.

Affiliates of Madison Dearborn beneficially owned approximately 79.3% of the Company's common stock as of March 27, 2005, giving Madison Dearborn the ability to control the Company's operations.

The Company manages its operations by restaurant. The Company has aggregated its operations to one reportable segment.

(2) Summary of Significant Accounting Policies

(a) Initial Public Offering and Unaudited Pro Forma Income (Loss) Per Share Information

The Company has authorized the filing of a registration statement with the Securities and Exchange Commission (SEC) that would permit the sale of shares of the Company's common stock in a proposed initial public offering (IPO). In connection with the proposed IPO, the Company intends to redeem the mandatorily redeemable senior preferred stock and junior preferred stock and will use the remainder to reduce outstanding long-term debt.

The unaudited pro forma balance sheet at March 27, 2005 reflects the redemption of the mandatorily redeemable preferred stock for $11.0 million, which represents the accreted value as of March 27, 2005 and the redemption of junior preferred stock for $74.0 million, which represents the accrued value as of March 27, 2005.

RUTH'S CHRIS STEAK HOUSE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements—(Continued)
(in thousands, except share and per share data)

Unaudited supplemental pro forma basic and diluted income (loss) per share have been computed by dividing net income (loss) by the total of the respective actual share base (see Note 11) and the 9,375,000 shares of common stock to be issued in the offering. The actual share base includes a total of 1,493,857 shares issuable upon the exercise of certain warrants because the warrants have a nominal exercise price. Such shares were assumed to be outstanding for all periods presented.

(b) Unaudited Interim Financial Statements

The interim financial statements of the Company for the fiscal quarters ended March 28, 2004 and March 27, 2005 included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations relating to interim financial statements. In the opinion of management, the accompanying unaudited interim financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position of the Company as of March 27, 2005 and the results of its operations and its cash flows for the fiscal quarters ended March 28, 2004 and March 27, 2005. The interim results of operations for the fiscal quarters ended March 28, 2004 and March 27, 2005, respectively, are not necessarily indicative of the results that may be achieved for the full year.

RUTH'S CHRIS STEAK HOUSE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements—(Continued)
(in thousands, except share and per share data)

(c) Reporting Period

The Company utilizes a 52- or 53-week reporting period ending on the last Sunday of December. The periods ended December 29, 2002 (Fiscal 2002), December 28, 2003 (Fiscal 2003), and December 26, 2004 (Fiscal 2004) each had a 52-week reporting period. The interim periods ended March 28, 2004 and March 27, 2005 each had a 13-week reporting period.

(d) Principles of Consolidation

The consolidated financial statements include the financial statements of Ruth's Chris Steak House, Inc. and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

(e) Cash Equivalents

For purposes of the consolidated statements of cash flows, the Company considers all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

(f) Accounts Receivable

Accounts receivable consists primarily of bank credit card receivable, franchise royalty payments receivable, banquet billings receivable, and other miscellaneous receivables.

(g) Allowance for Doubtful Accounts

The Company estimates an allowance for doubtful accounts based upon the actual payment history of each individual customer. The Company performs a specific review of major account balances and applies statistical experience factors to the various aging categories of receivable balances in establishing an allowance.

(h) Inventories

Inventories consisting of food, beverages, and supplies are stated at the lower of cost or market; cost is determined using the first-in, first-out method.

(i) Property and Equipment

Property and equipment are stated at cost. Expenditures for improvements and major renewals are capitalized, and minor replacement, maintenance, and repairs are charged to expense. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized on the straight-line basis over the shorter of the lease term or the estimated useful life of the assets. The estimated useful lives for assets are as follows: Building and Building Improvements, 20 years; Equipment, 5 years; Furniture and Fixtures, 5 to 7 years; Computer Equipment, 3 years; Leasehold Improvements, 5 to 25 years.

(j) Goodwill

Goodwill represents franchise rights reacquired from franchisees. Goodwill acquired in a purchase business combination and determined to have an indefinite useful life is not amortized, but instead tested for impairment at least annually in accordance with the provisions of SFAS No. 142, *Goodwill and Other Intangible Assets*. Goodwill is tested annually on a reporting unit (which we define as an individual

restaurant) basis for impairment, and is tested more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. Based upon the Company's review, no impairment charge was required in 2002, 2003 or 2004.

(k) Deferred Financing Costs

Deferred financing costs represent fees paid in connection with obtaining bank and other long-term financing. These fees are amortized using the interest method over the term of the related financing. Amortization expense of deferred financing cost was $695, $813, and $1,784 in fiscal 2002, 2003, and 2004, respectively and $219 and $1,876 in the first fiscal quarters of 2004 and 2005, respectively.

(l) Impairment of Long-Lived Assets

In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, long lived assets, such as property, plant and equipment, and purchased intangibles subject to amortization are reviewed for impairment on a restaurant-by-restaurant basis whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or the fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

(m) Rent

Certain of the Company's operating leases contain predetermined fixed escalations of the minimum rent during the term of the lease. For these leases, the Company recognizes the related rent expense on a straight-line basis over the life of the lease and records the difference between amounts charged to operations and amounts paid as deferred rent.

Additionally, certain of the Company's operating leases contain clauses that provide additional contingent rent based on a percentage of sales greater than certain specified target amounts. The Company recognizes contingent rent expense prior to the achievement of the specified target that triggers the contingent rent, provided achievement of that target is considered probable.

(n) Marketing and Advertising

Marketing and advertising costs are recorded as expense in the period incurred.

(o) Insurance Liability

The Company maintains various policies for workers' compensation, employee health, general liability and property damage. Pursuant to those policies, the Company is responsible for losses up to certain limits. The Company records a liability for the estimated exposure for aggregate losses below those limits. This liability is based on estimates of the ultimate costs to be incurred to settle known claims and claims not reported as of the balance sheet date. The estimated liability is not discounted and is based on a number of assumptions and factors, including historical trends, acturial assumptions and economic conditions.

RUTH'S CHRIS STEAK HOUSE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements—(Continued)
(in thousands, except share and per share data)

(p) Pre-Opening Costs

Pre-opening costs incurred with the opening of new restaurants are expensed as incurred. These costs include straight-line rent during the rent holiday period, wages, benefits, travel and lodging for the training and opening management teams, and food, beverage and other restaurant operating expenses incurred prior to a restaurant opening for business.

(q) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(r) Revenue Recognition

Revenue from restaurant sales is recognized when food and beverage products are sold. Deferred revenue primarily represents the Company's liability for gift cards that have been sold, but not yet redeemed, and is recorded at the expected redemption value. When the gift cards are redeemed, the Company recognizes restaurant sales and reduces the deferred revenue. Company gift cards redeemed at franchisee-owned locations reduce the deferred revenue but do not result in restaurant sales. The expected redemption value of the gift cards represent the full value of all gift cards issued less the amount the company has recognized as other income for gift cards that are not expected to be redeemed. The Company recognizes as other income the remaining value of gift cards that have not been redeemed 24 months following the date of issue, subject to limitations in some jurisdictions in which we operate.

The Company franchises Ruth's Chris Steak House restaurants. The Company executes franchise agreements for each franchise restaurant, which sets out the terms of its arrangement with the franchisee. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee and continuing fees based upon a percentage of sales. The Company collects ongoing royalties of 5% of sales from franchise restaurants plus a 1% advertising fee applied to national advertising expenditures. The Company is not required to perform any services for the ongoing royalties and thus these royalties are recognized when the royalties are due from the franchisee on a monthly basis. These ongoing royalties are reflected in the accompanying consolidated statements of income as franchise income. The 1% advertising fee is recorded as a liability against which specified advertising and marketing costs are charged.

The Company executes an area development agreement with franchisees that gives the franchisee rights to develop a specific number of restaurants within a specified area. The Company charges an initial development fee at the time the area agreements are executed. This fee is related to feasibility studies of the area and certification of the franchisee and for the development opportunities lost or deferred as a result of the rights granted. These services are performed prior to the execution of the agreement. The Company recognizes the initial area development fee upon the signing of the area development agreement by the franchisee.

The Company executes separate, site specific, franchise agreements for each restaurant developed by a franchisee under an area development agreement. The Company charges an initial fee at the time the franchise agreement is executed. This fee is related to assistance in site selection and lease negotiation, construction consulting assistance and consulting regarding purchasing and supplies. These services are performed prior to the restaurant opening. The Company recognizes the initial franchise fee when the related restaurant opens.

RUTH'S CHRIS STEAK HOUSE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements—(Continued)
(in thousands, except share and per share data)

(s) Foreign Revenues

The Company currently has 10 international franchise locations in Canada, Mexico, Hong Kong and Taiwan. In accordance with our franchise agreements relating to these international locations, the Company receives royalty revenue from these franchisees in U.S. dollars. Franchise fee royalties from international locations made up less than 1% of total revenues in all periods presented.

(t) Stock-Based Compensation

The Company applies the intrinsic-value-based method of accounting prescribed by the Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees*, ("APB No. 25") and related interpretations including Financial Accounting Standards Board ("FASB") Interpretation No. 44, *Accounting for Certain Transactions involving Stock Compensation, an interpretation of APB Opinion No. 25*, to account for its fixed-plan stock options. Under this method, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price. SFAS No. 123, *Accounting for Stock-Based Compensation*, ("SFAS No. 123") and SFAS No. 148, *Accounting for Stock-Based Compensation-Transition and Disclosure*, and amendment of SFAS No. 123, established accounting and disclosure requirements using a fair-value-based method of accounting for stock-based employee compensation plans. As allowed by existing accounting standards, the Company has elected to continue to apply the intrinsic-value-based method of accounting described above, and has adopted only the disclosure requirements of SFAS No. 123, as amended. The following table illustrates the effect on net income adjusted for pro forma provision for income taxes if the fair-value-based method had been applied to all outstanding and unvested awards in each period.

				Fiscal Quarter Ended	
	2002	2003	2004	March 28, 2004	March 27, 2005
				(unaudited)	
Net income, as reported	$5,684	1,248	2,442	2,458	2,291
Stock-based employee compensation expense	(20)	(15)	(12)	(3)	—
Pro forma net income	5,664	1,233	2,430	2,455	2,291

The per share weighted average fair value of stock options granted during 2002, 2003, and 2004, under the 2000 Stock Plan was $0.10, $0.00, and $0.00, respectively, using the Black Scholes option-pricing model with the following weighted average assumptions: 2002—expected dividend yield 0.00%, risk free interest rate of 4.48%; and an expected life of five years; 2003—expected dividend yield 0.00%, risk free interest rate of 2.99%; and an expected life of five years; and 2004—expected dividend yield 0.00%, risk free interest rate of 3.48%; and an expected life of five years.

(u) Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(v) Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate the value:

- The carrying amount of cash and cash equivalents, receivables, prepaid expenses, accounts payable and accrued expenses and other current and long-term liabilities are a reasonable estimate of their fair values.

- Borrowings under the term loan and revolving credit facility as of December 26, 2004 and the senior credit facility as of December 28, 2003 have variable interest rates that reflect currently available terms and conditions for similar debt. The carrying amount of this debt is a reasonable estimate of its fair value.

(w) Recent Accounting Pronouncements

In April 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. SFAS No. 150 changes the accounting for certain financial instruments that, under previous guidance, could be classified as equity or "mezzanine" equity, by requiring those instruments to be classified as liabilities (or assets in some circumstances) in the statement of financial position. SFAS No. 150 requires disclosure regarding the terms of those instruments and settlement alternatives. This statement was effective for all financial instruments entered into or modified after May 31, 2003, and was otherwise effective at the beginning of the first interim period beginning after June 15, 2003. The restatement of financial statements for earlier years presented is not permitted. The Company adopted SFAS No. 150 effective June 30, 2003 (the beginning of the Company's 2003 third quarter). Effective with the adoption of SFAS No. 150, the Company reported the mandatorily redeemable preferred stock on the balance sheet as a liability and the accrued dividends and accretion on mandatorily redeemable preferred stock prior to income before income taxes on the statement of operations. Prior to adoption of SFAS No. 150 in accordance with previous guidance, the Company reported mandatorily redeemable preferred stock on the balance sheet as mezzanine equity and the accrued dividends and accretion on mandatorily redeemable preferred stock in retained earnings on the consolidated balance sheet.

In November 2004, the FASB issued Statement of Financial Accounting Standards No. 151 "Inventory Costs, an amendment of ARB No. 43, Chapter 4" ("Statement 151"). The amendments made by Statement 151 clarify that abnormal amounts of idle facility expense, freight, handling costs, and wasted materials (spoilage) should be recognized as current-period charges and require the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. The guidance is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Earlier application is permitted for inventory costs incurred during fiscal years beginning after November 23, 2004. The Company has assessed the impact of Statement 151, and does not expect it to have an impact on its financial position, results of operations or cash flows.

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 152 "Accounting for Real Estate Time-Sharing Transactions —An Amendment to FASB Statements No. 66 and 67" ("Statement No. 152"). Statement 152 amends FASB Statement No. 66, "Accounting for Sales of Real Estate," to reference the financial accounting and reporting guidance for real estate time-sharing transactions that is provided in AICPA Statement of Position (SOP) 04-2, "Accounting for Real Estate Time-Sharing Transactions." Statement 152 also amends FASB Statement No. 67, "Accounting for Costs and Initial Rental Operations of Real Estate Projects," to state that the guidance for (a) incidental operations and (b) costs incurred to sell real estate projects does not apply to real estate time-sharing transactions. The accounting for those operations and costs is subject to the guidance in SOP 04-2. Statement 152 is effective for financial statements for fiscal years beginning after June 15, 2005. The Company has assessed the impact of Statement 152, and does not expect it to have an impact on its financial position, results of operations or cash flows.

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 153 "Exchanges of Non-monetary assets—an amendment of APB Opinion No. 29" ("Statement 153").

RUTH'S CHRIS STEAK HOUSE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements—(Continued)
(in thousands, except share and per share data)

Statement 153 amends Accounting Principles Board ("APB") Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. Statement 153 does not apply to a pooling of assets in a joint undertaking intended to fund, develop, or produce oil or natural gas from a particular property or group of properties. The provisions of Statement 153 shall be effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Early adoption is permitted and the provisions of Statement 153 should be applied prospectively. The Company has assessed the impact of Statement 153, and does not expect it to have an impact on its financial position, results of operations or cash flows.

In December of 2004, the FASB issued SFAS No. 123R, "Share-Based Payment," which replaces the requirements under SFAS No. 123 and APB No. 25. The statement sets accounting requirements for "share-based" compensation to employees, including employee stock purchase plans, and requires all share-based payments, including employee stock options, to be recognized in the financial statements based on their fair value. It carries forward prior guidance on accounting for awards to non-employees. The accounting for employee stock ownership plan transactions will continue to be accounted for in accordance with Statement of Position (SOP) 93-6, while awards to most non-employee directors will be accounted for as employee awards. This Statement is effective for public companies that do not file as small business issuers as of the beginning of their first annual period beginning after June 15, 2005 (effective December 26, 2005 for the Company). The Company has not yet determined the effect the new Statement will have on the consolidated financial statements as it has not completed its analysis; however, the Company expects the adoption of this Statement to result in a reduction of net income that may be material.

(3) Property and Equipment

Property and equipment consists of the following:

	December 28, 2003	December 26, 2004	March 27, 2005 (unaudited)
Land	$ 7,607	6,596	6,596
Building and building improvements	19,972	19,354	19,394
Equipment	17,659	17,196	17,320
Computer Equipment	1,553	1,823	1,995
Furniture and fixtures	7,949	7,693	7,785
Leasehold Improvements	41,266	38,084	38,077
Construction-in-progress	459	807	1,657
	$ 96,465	91,553	92,824
Less accumulated depreciation and amortization	(33,061)	(38,814)	(40,386)
	$ 63,404	52,739	52,438

The Company capitalizes interest as a component of the cost of construction in progress. In connection with assets under construction in 2003 and 2004, the Company has capitalized $143 and $55 of interest costs, respectively, in accordance with SFAS No. 34, *Capitalization of Interest Cost.*

RUTH'S CHRIS STEAK HOUSE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements—(Continued)
(in thousands, except share and per share data)

(4) Other Assets

Other assets consist of the following:

	December 28, 2003	December 26, 2004	March 27, 2005
			(unaudited)
Deposits	$ 298	672	695
Liquor Licenses	250	362	362
Deferred Financing Costs	1,639	2,050	965
Other	210	197	197
	$ 2,397	3,281	2,219

(5) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

	December 28, 2003	December 26, 2004	March 27, 2005
			(unaudited)
Accounts Payable	$ 4,690	3,592	3,497
Sales & Use Tax Payable	1,150	1,296	1,189
Accrued Payroll & Related Benefits	3,780	5,352	4,862
Accrued Interest Payable	2,082	1,079	354
Other Accrued Expenses	4,411	7,258	7,816
	$ 16,113	18,577	17,718

(6) Notes Payable and Long-term Debt

Long-term debt consists of the following:

	December 28, 2003	December 26, 2004	March 27, 2005
			(unaudited)
New Senior Credit Facilities:			
Term loan facility	$ —	—	105,000
2004 Senior Credit Facility:			
Term loan facility	—	20,000	—
Revolving credit facility	—	41,000	—
1999 Senior Credit Facility:			
Term Loan—Tranche A	11,509	—	—
Term Loan—Tranche B	32,224	—	—
Revolving credit facility	8,750	—	—
Senior subordinated notes	44,890	19,931	—
	97,373	80,931	105,000
Less current maturities	—	—	3,316
	$ 97,373	80,931	101,684

RUTH'S CHRIS STEAK HOUSE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements—(Continued)
(in thousands, except share and per share data)

(a) New Senior Credit Facilities

On March 11, 2005, the Company entered into a financing agreement with a syndicate of commercial banks and other institutional lenders. The financing consisted of a $105 million term loan facility and a $15 million revolving credit facility with no amounts drawn at closing. The term loan facility will bear interest at either the base rate plus 2.00% or the Eurodollar rate plus 3.00%. The revolving credit facility will bear interest at either the base rate plus a margin of 1.25%–2.25% or the Eurodollar rate plus a margin of 2.25%–3.25%. The base rate is defined as the higher of the prime rate or the Federal Funds effective rate plus .50%. The interest rate margins applicable to the revolving credit facility are based on the Company's consolidated pricing leverage ratio. The term loan interest and fees are payable monthly and the principal is payable in quarterly payments ranging from $829 to $2,579 commencing June 30, 2005, with the remaining unpaid balance due on March 11, 2011. The revolving credit facility interest and fees are payable monthly and all outstanding amounts are due upon maturity at March 11, 2010. The proceeds from the financing agreement were used to pay amounts outstanding under the Company's existing balances of the term loan, revolving credit facility and the senior subordinated notes. In addition, $21.1 million of the proceeds were used to pay all outstanding dividends payable on the Senior Preferred Stock and to redeem approximately 8,907 shares of the Senior Preferred Stock valued at $8,907. In connection with this refinancing, the Company wrote off deferred financing costs relating to the 2004 Senior Credit Facility and senior subordinated debt in the amount of $1,639 and capitalized financing costs relating to the new debt in the amount of $786.

As of March 27, 2005, there were no borrowings outstanding under our revolving credit facility and the Company had approximately $13.7 million of borrowings available under our revolving credit facility, net of outstanding letters of credit of approximately $1.3 million. Commitments under our revolving credit facility terminate on March 11, 2010.

The Company is allowed under the financing agreement to make voluntary prepayments of principal on the term loan facility. In addition, the Company is required to make additional principal payments if there is excess operating cash flow, as defined in the financing agreement, and in the event of any capital contributions, sale or issuance of equity, asset sales, or receipt of proceeds from any recovery event, as defined in the financing agreement.

The financing agreement contains certain restrictive covenants, which, among other things, require the Company to comply with certain financial covenants (as defined in the agreement), including a minimum fixed charge coverage ratio, a minimum adjusted fixed charge coverage ratio and a maximum leverage ratio, and places limitations on indebtedness, and certain transactions with affiliates. The financing agreement also restricts the Company's ability to pay dividends. The financing agreement prohibits the payment of any dividend or other distribution, direct or indirect, on account of any shares of any class of stock of the Company, except a dividend payable solely in shares of that class of stock to the holders of that class. The Company was in compliance with all covenants at March 27, 2005.

(b) 2004 Senior Credit Facility

On April 1, 2004, the Company entered into a financing agreement with a commercial lender. The financing consisted of a $20 million term loan facility and a $50 million revolving credit facility. The term loan facility bears interest at the commercial lender's prime rate plus 4.25% (9.50% at December 26, 2004) and the revolving credit facility bears interest at LIBOR plus 3.50% (5.90% at December 26, 2004). Interest

and fees must be paid monthly and the principal is due upon maturity of the financing agreement on June 30, 2006. The proceeds from the refinancing agreement were used to pay the existing balances of the Tranche A and B term loans, the original revolving credit facility, and $13 million of the Senior Subordinated Notes. At December 26, 2004, the Company has $1.7 million of outstanding letters of credit, reducing the amount available on the revolving credit facility to $7.3 million. The Company incurs commitment fees equal to ½ of 1% on the unused portion of the revolving credit facility. The Company is allowed under the financing agreement to make voluntary prepayments of term principal. In addition, the Company is required to make additional principal payments if there is excess operating cash flow, as defined in the financing agreement, and in the event of any capital contributions, sale or issuance of equity, asset sales, or receipt of proceeds from any recovery event, as defined in the financing agreement. The financing agreement contains certain restrictive covenants, which, among other things, require the Company to comply with certain financial covenants (as defined in the agreement), including a minimum interest coverage, a minimum consolidated EBITDA, a minimum fixed charge coverage ratio, and a maximum leverage ratio, and places limitations on dividends, indebtedness, capital expenditures, and certain transactions with affiliates. The Company was in compliance with all covenants at December 26, 2004. In connection with this financing agreement, the Company wrote off deferred financing costs relating to the old debt in the amount of $774 and capitalized financing costs relating to the new debt in the amount of $2,196. All outstanding borrowings under this senior credit facility were repaid on March 11, 2005.

(c) 1999 Senior Credit Facility

On September 17, 1999, the Company entered into a senior credit facility agreement consisting of a $72 million term loan facility and a $20 million revolving credit facility. The senior credit facility was amended in September 2001 and April 2003 with respect to certain financial covenants and to reduce the available amount available under the revolving credit facility to $14.5 million. Borrowings under the credit agreement were secured by substantially all of the Company's assets. The term loan facility consisted of Tranches A and B. The principal on Tranche A and B were due on September 17, 2004 and September 17, 2005, respectively. At the Company's option, Tranche A term loans bore interest at LIBOR plus 4.00% or the base rate plus 2.00%. Tranche B term loans bore interest at LIBOR plus 4.00% or the base rate plus 2.50%. The rate of the spread depended on certain financial ratios under the credit facility. Interest on base rate loans was payable quarterly and interest on LIBOR loans was payable at the end of the applicable interest period but, in any event, at least quarterly. The revolving credit facility matured September 17, 2004. At the Company's option, the amount borrowed under the revolving credit facility bore interest at LIBOR plus 4.00% or the base rate, as defined in the credit agreement, plus 2.00%. The rate of the spread depended on certain financial ratios under the credit facility. At December 28, 2003, the Company had $821 of outstanding letters of credit, reducing the amount available on the revolving credit facility to $4.9 million. The Company incurred commitment fees equal to 0.50% on the unused portion of the revolving credit facility. At December 28, 2003, $20,259 of amounts currently due under the senior credit facility were classified as long term due to the closing of the financing agreement on April 1, 2004. All outstanding borrowings under this senior credit facility were repaid on April 1, 2004.

(d) Senior Subordinated Notes

The Senior Subordinated Notes bear interest at 13.0% and are due September 30, 2006. These notes are subordinated to any amounts outstanding under the Senior Credit Facility. Interest is payable semi-annually on March 31 and September 30. Beginning after September 30, 2002, the Senior Subordinated Notes were

(in thousands, except share and per share data)

subject to redemption at the option of the Company in whole or in part, at the redemption prices set forth below, plus accrued interest.

Twelve Month Period Beginning September 30	Percentage of Principal Amount
2002	106.25%
2003	103.25%
2004	101.63%
2005	100.00%
2006	100.00%

On April 1, 2004, the Company entered into a financing agreement with a commercial lender and used a portion of its borrowings thereunder to redeem $13,000 of the Senior Subordinated Notes. In addition, the Company redeemed $6,000 of the Senior Subordinated Notes in each of June 2004 and December 2004, for a total redemption in 2004 of $25,000. The Company was required to pay a total of $715 in excess of the principal amount of the Senior Subordinated Notes redeemed in 2004 as a result of its payment of the required redemption premiums as set forth above. As of March 11, 2005, all borrowings under the Senior Subordinated Notes then outstanding were repaid.

The Senior Subordinated Notes contain certain restrictive covenants which, among other things, limit the Company's ability to incur additional indebtedness, pay dividends, consummate certain asset sales, and enter into certain transactions with affiliates. The Company was in compliance with all covenants at December 26, 2004.

In conjunction with the issuance of the Senior Subordinated Notes, a warrant exercisable for 28,302 shares of the Company's Class A Common Stock was issued. The difference between the carrying value of the Senior Subordinated Notes and the liquidation value of the Senior Subordinated Notes is being accreted by periodic charges to operations over the 7-year term of the Senior Subordinated Notes.

Scheduled, mandatory principal payments of long-term debt as of December 26, 2004 were as follows:

2005	$ —
2006	80,931
	$80,931

(7) Mandatorily Redeemable Senior Preferred Stock

The Company's 14% mandatorily redeemable Senior Preferred Stock is reflected as a liability in the consolidated financial statements.

The Company is authorized to issue 58,000 shares of the 14% Senior Preferred Stock with a par value of $.01 per share. The Senior Preferred Stock has a $1,000.00 per share liquidation value, plus accrued and unpaid dividends and has limited voting rights as discussed below. In the event of liquidation or dissolution, all shares of Senior Preferred Stock, including accrued and unpaid dividends, rank senior to all other classes of stock. In September 1999, the Company issued 20,000 shares of Senior Preferred Stock for $19,623.

Holders of the Senior Preferred Stock are entitled to receive, when and if declared, dividends at a rate equal to 14% per annum, which are cumulative and accrue from date of issuance and are compounded annually. Dividends are payable in cash or additional shares of fully paid and non-assessable Senior Preferred Stock. All accrued dividends on the Senior Redeemable Preferred Stock must be paid in cash prior to the payment of any

(in thousands, except share and per share data)

cash dividends on any other series or class of capital stock. The Company is not permitted to pay cash dividends or make other cash distributions pursuant to certain debt agreements.

On March 23, 2005, the Company amended its Articles of Incorporation to extend the scheduled redemption date for the Senior Preferred Stock to September 17, 2011, from a previous scheduled redemption date of September 17, 2007, in each case to be redeemed at a price per share equal to the liquidation value thereof, plus all accrued and unpaid dividends on the Senior Preferred Stock. The Company may at any time, at its option and if permitted by debt agreements, redeem all or a portion of the Senior Preferred Stock then outstanding at a price per share equal to the liquidation value thereof, plus all accrued and unpaid dividends on the Senior Preferred Stock outstanding. In addition, the Company may redeem all the outstanding shares of Senior Preferred Stock at a price equal to liquidation value, plus all accrued and unpaid dividends on such shares, in the event of (i) a change in control, (ii) an initial public offering of the Company's common stock, (iii) default under Articles of Incorporation and the Securities Purchase Agreement, (iv) default and acceleration under credit facilities, or (v) default on redemption of the Senior Preferred Stock.

Holders of the Senior Preferred Stock have voting rights with respect to certain matters that could adversely affect their rights. The Senior Preferred Stock does not include any rights for conversion to common stock.

As discussed above, the Company issued 20,000 shares of Senior Preferred Stock with a mandatory redemption value of $20 million for total proceeds of $19,623. Such price was determined to be the fair value of this financial instrument (see also Note 8). Deferred financing costs of $600 were netted against the Senior Preferred Stock at issuance. These deferred financing costs were reclassed to Other Assets on the consolidated financial statements in connection with the implementation of SFAS No. 150. The corresponding reduction in redemption value of the preferred stock is recorded as an issuance discount and is being accreted through the preferred stock mandatory redemption date as follows:

	Number of Shares	Mandatory Redemption Value	Unamortized Issuance Discount	Unamortized Deferred Financing Cost	Net Book Value
Balance at December 29, 2001	26,010	26,010	(270)	(427)	25,313
Accrual of dividends and accretion of issuance discount	4,658	4,658	44	75	4,777
Balance at December 29, 2002	30,668	30,668	(226)	(352)	30,090
Accrual of dividends and accretion of issuance discount	4,294	4,294	50	—	4,344
Reclass to Other Assets	—	—	—	352	352
Balance at December 28, 2003	34,962	34,962	(176)	—	34,786
Accrual of dividends and accretion of issuance discount	5,024	5,024	47	—	5,071
Balance at December 26, 2004	39,986	39,986	(129)	—	39,857
Redemption of senior preferred stock (unaudited)	(30,000)	(30,000)	—	—	(30,000)
Accrual of dividends and accretion of issuance discount (unaudited)	1,176	1,176	12	—	1,188
Balance at March 27, 2005 (unaudited)	11,162	11,162	(117)	—	11,045

RUTH'S CHRIS STEAK HOUSE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements—(Continued)
(in thousands, except share and per share data)

(8) Shareholders' Equity

The Junior Preferred Stock earns cumulative dividends of 8% annually, payable in cash or in additional shares of fully paid and non-assessable Junior Preferred Stock. All accrued dividends on the Junior Preferred Stock must be paid in cash prior to the payment of any cash dividends on any other series or class of capital stock other than the Senior Preferred Stock. Holders of the Junior Preferred Stock have voting rights with respect to certain matters that could adversely affect their rights. The Company or the holders of the Junior Preferred Stock may elect to convert the Junior Preferred Stock to Class A Common Stock in the event of an initial public offering. The amount of Class A Common Stock issued upon conversion is determined as the liquidation value of the Junior Preferred Stock (plus all accrued and unpaid dividends) as of the date of the consummation of the initial public offering divided by the selling price per share of the common stock to the public in the initial public offering.

The holders of the Class A Common Stock are entitled to one vote per share on all matters to be voted on by the Company's shareholders. Holders of Class A Common Stock are entitled to convert, at any time and from time to time, any or all of the shares of Class A Common Stock held by such holder into the same number of shares of Class B Common Stock.

The holders of the Class B Common Stock do not have voting rights. Holders of Class B Common Stock are entitled to convert, at any time and from time to time, any or all of the shares of Class B Common Stock held by such holder into the same number of shares of Class A Common Stock.

In conjunction with the issuance of the Senior Preferred Stock, a warrant exercisable for 783,125 shares of the Company's Class B Common Stock was issued. The warrant is exercisable at a price of $.01 per share in whole at any time and in part from time to time for a period of 10 years after issuance. The warrants were valued at an amount equal to the Class A Common stock sold at the time of the warrant issue, because the rights and privileges of the Class B Common stock to be received upon the exercise of the warrants was substantially the same as the Class A Common stock sold at the same time. The value attributable to the warrants resulting from the allocation of the aggregate proceeds from the Senior Preferred Stock was $377 and is included in additional paid in capital on the consolidated balance sheets. In November 2004, an additional warrant exercisable for 70,508 shares of Class B Common Stock was issued pursuant to the anti-dilution provisions of the initial warrant agreement. These additional warrants were valued at zero, consistent with the value of the restricted shares of Class A Common stock sold at the time of the warrant issue.

In conjunction with the issuance of the Senior Subordinated Notes, a warrant exercisable for 587,346 shares of the Company's Class A Common Stock was issued. The warrant is exercisable at a price of $.01 per share in whole at any time and in part from time to time for a period of 10 years after issuance. The warrants were valued at an amount equal to the Class A Common stock sold at the time of the warrant issue, because the rights and privileges of the Class B Common stock to be received upon the exercise of the warrants, was substantially the same as the Class A Common stock sold at the same time. The value attributable to the warrants resulting from the allocation of the aggregate proceeds from the Senior Subordinated Notes was $283 and is included in additional paid in capital on the consolidated balance sheets. The warrants contain certain anti-dilution provisions. During fiscal 2004, an additional warrant exercisable for 52,878 shares of Class A Common Stock was issued pursuant to the anti-dilution provisions of the initial warrant agreement. These additional warrants were valued at zero, consistent with the value of the restricted shares of Class A Common stock sold at the time of the warrant issue.

(9) Employee Benefit Plan

In 2000, the Company established a 401(k) plan. Eligible employees may contribute up to 15% of their annual compensation. At the discretion of the Company's management and Board of Directors, the Company can

(in thousands, except share and per share data)

match the employees' contributions at year end. Employees vest in the Company's contributions based upon their years of service. The Company's expenses relating to matching contributions were approximately $418, $108, and $141 for the years ended December 29, 2002, December 28, 2003, and December 26, 2004, respectively. The Company's expenses relating to matching contributions were approximately $62 and $70 for the fiscal quarters ended March 28, 2004 and March 27, 2005, respectively.

(10) Incentive and Stock Option Plans

The Company established a stock option plan (the 2000 Stock Option Plan) which allows the Company's Board of Directors to grant stock options to directors, officers, key employees, and other key individuals performing services for the Company. The 2000 Stock Option Plan authorizes grants of options to purchase up to 1,765,981 shares of authorized but unissued Class A Common Stock. The Plan provides for granting of options to purchase shares of common stock at an exercise price not less than the fair value of the stock on the date of grant. Options are exercisable at various periods ranging from one to ten years from date of grant.

The Company established a restricted stock plan (the 2004 Restricted Stock Plan), which allows the Company's Board of Directors to grant restricted stock to directors, officers and other key employees. The 2004 Restricted Stock Plan authorizes restricted stock grants of up to 1,167,487 shares of authorized but unissued Class A Common Stock.

Under the Company's 2000 Stock Option Plan there are 1,765,981 shares of Class A Common Stock reserved for issue at December 26, 2004 and 515,811 shares available for future grants. Under the Company's 2004 Restricted Stock Plan, there are 1,167,487 shares of Class A Common Stock reserved for issue at December 26, 2004 and no shares available for future grants.

In connection with the initial public offering, the Company intends to adopt the Ruth's Chris Steak House, Inc. 2005 Long-Term Equity Incentive Plan (the 2005 Equity Incentive Plan), which will allow the Company's Board of Directors to grant stock options, restricted stock, restricted stock units, deferred stock units and other equity-based awards to directors, officers, key employees, and other key individuals performing services for the Company. The 2005 Equity Incentive Plan provides for granting of options to purchase shares of common stock at an exercise price not less than the fair value of the stock on the date of grant.

In November 2004, the Company issued 147,338 stock options with an exercise price of approximately $0.48 per share under the 2000 Stock Plan and 1,167,487 shares of restricted stock for less than $0.01 per share under the 2004 Restricted Stock Plan. The fair value of the Company's Class A Common Stock on the date of issuance was zero. The fair value was determined by the Board of Directors with the assistance of a contemporaneous appraisal of the enterprise value of the Company performed by a third party in April 2004.

Stock option activity during the periods indicated is as follows:

	2002		2003		2004	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Outstanding at beginning of year	1,344,475	$ 0.48	1,371,971	$ 0.48	1,176,985	$ 0.48
Granted	126,068	0.48	197,144	0.48	147,338	0.48
Exercised	—	—	—	—	—	—
Forfeited	(98,572)	0.48	(392,130)	0.48	(74,188)	0.48
Outstanding at end of year	1,371,971	0.48	1,176,985	0.48	1,250,135	0.48
Options exercisable at year end	608,985	$ 0.48	817,236	$ 0.48	895,018	$ 0.48

RUTH'S CHRIS STEAK HOUSE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements—(Continued)
(in thousands, except share and per share data)

(11) Earnings per share

Basic earnings per common share were computed by dividing net income available to common shareholders by the weighted average number of shares of common stock outstanding during the fiscal year. Basic and diluted earnings per common share for the fiscal years 2002, 2003 and 2004 were determined on the assumption that all outstanding warrants were exercised as of the beginning of each fiscal year. Diluted earnings per share for fiscal years 2002, 2003 and 2004 exclude 1,371,971, 1,176,985 and 1,250,135 stock options, respectively, at a weighted average price of $0.48 for each year, which were outstanding during the period but were anti-dilutive. Diluted earnings per share for the quarter ended March 28, 2004 exclude 1,133,925 stock options at a weighted average price of $0.48 which were outstanding during the period but were anti-dilutive.

The following table sets forth the computation of basic and diluted earnings per share:

	Fiscal Year			Fiscal First Quarter	
	2002	2003	2004	2004	2005
Income (loss) available to common stockholders	$ (4,806)	$ (5,862)	$ (2,931)	$ 1,141	$ 869
Shares:					
Weighted average number of common shares outstanding	11,746,868	11,746,868	11,917,093	11,746,868	13,037,746
Dilutive stock options	—	—	—	—	1,175,713
Weighted average number of common shares outstanding	11,746,868	11,746,868	11,917,093	11,746,868	14,213,459
Basic earnings (loss) per share:					
Continuing operations	$ (0.36)	$ (0.36)	$ 0.08	$ 0.11	$ 0.11
Discontinued operations	(0.05)	(0.14)	(0.33)	(0.01)	(0.04)
Basic earnings per share	$ (0.41)	$ (0.50)	$ (0.25)	$ 0.10	$ 0.07
Diluted earnings (loss) per share:					
Continuing operations	$ (0.36)	$ (0.36)	$ 0.08	$ 0.11	$ 0.10
Discontinued operations	(0.05)	(0.14)	(0.33)	(0.01)	(0.04)
Diluted earnings per share	$ (0.41)	$ (0.50)	$ (0.25)	$ 0.10	$ 0.06

Prior to the completion of the proposed IPO, the Company intends to effect a 20.75281-for-1 stock split of the Company's common stock (See Note 18). Accordingly, basic and diluted shares for all periods presented have also been calculated based on the weighted average shares outstanding, as adjusted for the stock split.

RUTH'S CHRIS STEAK HOUSE, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements—(Continued)
(in thousands, except share and per share data)

(12) Income Taxes

Income tax expense from continuing operations consists of the following:

	Current	Deferred	Total
Year ended December 26, 2002:			
U.S. Federal	$1,818	(1,004)	814
State	600	(1,346)	(746)
Foreign	360	—	360
	$2,778	(2,350)	428
Year ended December 28, 2003:			
U.S. Federal	$ 206	1,365	1,571
State	464	(1,063)	(599)
Foreign	372	—	372
	$1,042	302	1,344
Year ended December 29, 2004:			
U.S. Federal	$2,652	(934)	1,718
State	453	(1,687)	(1,234)
Foreign	251	—	251
	$3,356	(2,621)	735

Income tax expense differs from amounts computed by applying the federal statutory income tax rate to income from continuing operations before income taxes as follows:

	2002	2003	2004
Income tax expense at statutory rates	$2,261	1,442	2,315
Increase (decrease) in income taxes resulting from:			
State income taxes, net of federal benefit	(493)	(396)	(814)
Foreign tax credit	(360)	(372)	(251)
FICA tax credit	(825)	—	(2,030)
Nondeductible accrued dividends and accretion of mandatorily redeemable preferred stock	—	763	1,724
Other	(155)	(93)	(209)
	$ 428	1,344	735

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets are presented below:

	December 28, 2003	December 26, 2004
Deferred tax assets:		
Accounts payable and accrued expenses	$ 338	717
Preopening costs	103	33
Deferred rent	1,459	1,401
Net state operating loss carryforwards	3,116	5,196
Tax credit carryforwards	2,375	3,503
Property and equipment	611	1,695
Other	65	81
Gross deferred tax assets	8,067	12,626
Deferred tax liabilities:		
Intangible assets	(2,021)	(2,553)
Other	(17)	(24)
Net deferred tax assets	$ 6,029	10,049

RUTH'S CHRIS STEAK HOUSE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements—(Continued)
(in thousands, except share and per share data)

There was no valuation allowance for deferred tax assets at December 28, 2003 or December 26, 2004. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities and projected future taxable income in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences.

As of December 26, 2004, the Company has state net operating loss carryforwards and tax credit carryforwards of $70,924 and $3,328, respectively, which are available to offset federal and state taxable income through 2020.

(13) Leases

All of the Company's owned restaurants operate in leased premises, with the exception of the Ruth's Chris Steak House locations in New Orleans, Metairie, Houston, Columbus, Palm Desert, Palm Beach, Ft. Lauderdale and Sarasota, which are owned properties. Remaining lease terms range from approximately 4 to 25 years, including anticipated renewal options. The leases generally provide for minimum annual rental payments and are subject to escalations based upon increases in the Consumer Price Index, real estate taxes, and other costs. In addition, certain leases contain contingent rental provisions based upon the sales of the underlying restaurants. Certain leases also provide for rent deferral during the initial term of such lease and/or scheduled minimum rent increases during the terms of the leases. For financial reporting purposes, rent expense is recorded on a straight-line basis over the life of the lease. Accordingly, included in long-term liabilities in the accompanying consolidated balance sheets at December 28, 2003 and December 26, 2004 are accruals related to such rent deferrals and the pro rata portion of scheduled rent increases of approximately $10.8 million and $9.8 million, respectively, net of the current portion included in other current liabilities of $0.3 million and $0.3 million, respectively.

Future minimum annual rental commitments under leases as of December 26, 2004 are as follows:

2005	$ 8,341
2006	8,320
2007	8,403
2008	7,470
2009	6,509
Thereafter	37,699
	76,742

Rental expense consists of the following:

	Fiscal Year Ended			Fiscal Quarter Ended	
	2002	2003	2004	March 28, 2004	March 27, 2005
				(unaudited)	
Minimum rentals	$6,286	7,196	7,651	1,879	1,914
Contingent rentals	1,740	1,721	2,138	558	670
	8,026	8,917	9,789	2,437	2,584

RUTH'S CHRIS STEAK HOUSE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements—(Continued)
(in thousands, except share and per share data)

(14) Commitments and Contingencies

Ruth's Chris Steak House, Inc. guaranteed a franchisee's operating lease for a restaurant located in Detroit, Michigan. The amount guaranteed includes annual minimum lease payments of approximately $143 through August 2005.

The Company currently buys most of its beef from one supplier. Although there are a limited number of beef suppliers, management believes that other suppliers could provide similar product on comparable terms. A change in suppliers, however, could cause supply shortages and a possible loss of sales, which would affect operating results adversely.

During 2004, the Company was a defendant in a labor code class action lawsuit filed in the Superior Court of California, Orange County. In April 2005, the Company resolved this matter in principle by agreeing to pay $1,625. The Company has accrued $1,625 in other accrued liabilities as of December 26, 2004. Related to this case, the Company's insurance carrier agreed to reimburse certain legal expenses totaling $288, which is included in other current assets as of December 26, 2004.

The Company is subject to other various claims, possible legal actions, and other matters arising in the normal course of business. Management does not expect disposition of these other matters to have a material adverse effect on the financial position, results of operations or liquidity of the Company.

(15) Related Party Transactions

A former director and officer of the Company had ownership interests in certain franchises. Franchise income of approximately $840 was received from these franchises during the year ended December 29, 2002. The Company is required to pay an annual monitoring fee to Madison Dearborn of $150 as long as it is controlled by Madison Dearborn and certain levels of financial performance are achieved.

(16) Discontinued Operations

On December 24, 2004, the Company decided to close one of the two Ruth's Chris Steak House locations in Manhattan, NY. Prior to and including 2004, the Company experienced operating losses at its Manhattan-UN restaurant location, which operates in leased premises. As a result of the underperforming operation, the Company determined the discontinuance of the Manhattan-UN operation was in its best interest. This closure was evaluated for lease liability and asset impairment in accordance with the Company's policy. In connection with its exit activity from Manhattan-UN, the Company incurred a pretax loss of approximately $5.5 million, including impairment losses related to assets abandoned of $4.9 million, and contract termination costs associated with lease obligations of $600, which were accrued in other liabilities in the accompanying consolidated balance sheets. The Company accounted for its exit costs in accordance with the provisions of SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*, which required that such costs be expensed in the period such costs are incurred. All of the losses incurred are included in discontinued operations in the accompanying consolidated income statements. The Company determined that the closed restaurant should be accounted for as discontinued operations because the Company does not expect any further direct or indirect cash inflows from the discontinued restaurant, since the restaurant has completely ceased operation. The Company does not expect any cash inflows from migration to its remaining Manhattan, New York location as the remaining location is in a different geographic market within Manhattan, New York and has a different customer base than the closed restaurant. The Company has continuing direct cash outflows associated with the fixed portion of rent at the closed restaurant in the amount of approximately $45 per month until the lease expiration in fiscal year 2016 or until the property is subleased, if earlier. The Company has determined that these cash outflows are not significant continuing direct cash outflows.

RUTH'S CHRIS STEAK HOUSE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements—(Continued)
(in thousands, except share and per share data)

In October of 2004, the Company announced its plan to close its Ruth's Chris Steak House location in Sugar Land, TX. Prior to and including 2004, the Company experienced operating losses at its Sugar Land restaurant location, which is an owned property. As a result of the underperforming operation, the Company determined the discontinuance of the Sugar Land operation was in its best interest. On October 31, 2004, the Company closed the Sugar Land location and recorded the related assets as "Assets held for sale" in the Company's consolidated balance sheets. Assets held for sale, which include land, building, equipment and furniture, are recorded at their estimated net realizable value of $2.1 million. The Company recorded a pre-tax charge of $80 as a loss due to impairment on the income statement in order to reduce the assets to net realizable value. Subsequent to year end, the Company entered into a real estate purchase and sale agreement to sell the assets for $2.1 million.

During 2003, sales of the Ruth's Chris Steak House location in Sugar Land, TX, decreased due to the slowing economy in the surrounding area and the impact of negative repercussions from the downturn in the major industries in the area. This change required an impairment analysis to be performed in accordance with SFAS No. 144. The estimated undiscounted future cash flows generated by the restaurant were less than the building's carrying value. The carrying value of the building was reduced to fair market value. This resulted in a pre-tax charge of $1,012 recorded as a loss due to impairment on the income statement. Management estimated fair market value using a third-party appraisal.

As discussed in Note 2 to the consolidated financial statements, the Company accounts for its closed restaurants in accordance with the provisions of SFAS No. 144. Therefore, when a restaurant is closed, and the restaurant is either held for sale or abandoned, the restaurant's operations are eliminated from the ongoing operations. Accordingly, the operations of such restaurants, net of applicable income taxes, are presented as discontinued operations and prior period operations of such restaurants, net of applicable income taxes, are reclassified.

Discontinued operations consist of the following:

				Quarter Ended	
	2002	2003	2004	March 28, 2004	March 27, 2005
				(unaudited)	
Revenues	$1,973	4,116	5,685	1,630	—
Loss before income tax	(684)	(2,705)	(6,730)	(288)	(706)
Loss from operations of discontinued restaurants, net of income tax benefit	(538)	(1,648)	(3,919)	(168)	(508)

RUTH'S CHRIS STEAK HOUSE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements—(Continued)
(in thousands, except share and per share data)

(17) Quarterly Financial Data (Unaudited)

Summarized unaudited quarterly financial data:

	March 30, 2003	June 29, 2003	September 28, 2003	December 28, 2003	March 28, 2004	June 27, 2004	September 26, 2004	December 26, 2004
Revenues	$ 43,399	$ 41,125	$ 37,336	$ 45,921	$ 49,906	$ 47,473	$ 42,214	$ 52,608
Operating income	5,631	3,708	1,842	4,314	7,007	4,754	3,291	8,281
Net income	2,280	523	(1,724)	169	2,458	457	(3,304)	2,831
Net income (loss) available to common shareholders	$ (5)	$ (1,765)	$ (2,943)	$ (1,148)	$ 1,141	$ (860)	$ (4,621)	$ 1,409
Basic earnings (loss) per share:								
Continuing operations	$ 0.01	$ (0.11)	$ (0.22)	$ (0.04)	$ 0.11	$ (0.05)	$ (0.11)	$ 0.13
Discontinued operations	(0.01)	(0.04)	(0.03)	(0.06)	(0.01)	(0.02)	(0.28)	(0.02)
Basic earnings (loss) per share	$ (0.00)	$ (0.15)	$ (0.25)	$ (0.10)	$ 0.10	$ (0.07)	$ (0.39)	$ 0.11
Diluted earnings (loss) per share:								
Continuing operations	$ 0.01	$ (0.11)	$ (0.22)	$ (0.04)	$ 0.11	$ (0.05)	$ (0.11)	$ 0.13
Discontinued operations	(0.01)	(0.04)	(0.03)	(0.06)	(0.01)	(0.02)	(0.28)	(0.02)
Diluted earnings (loss) per share	$ (0.00)	$ (0.15)	$ (0.25)	$ (0.10)	$ 0.10	$ (0.07)	$ (0.39)	$ 0.11

During the quarters ended December 28, 2003, and September 26, 2004, the Company recorded charges to earnings of $1,012 and $5,297, respectively, related to impairment charges on discontinued operations (Note 15). During the quarter ended December 26, 2004, the Company recorded a charge to earnings of $600 related to contract termination costs associated with lease obligations (Note 15) and accrued $1,625 related to certain legal matters (Note 13). During the quarter ended June 27, 2004, the Company wrote off $774 of deferred financing costs (Note 6).

(18) Subsequent Events

On April 22, 2005, the Board of Directors of the Company approved the filing of a registration statement on Form S-1 with respect to a proposed public offering of up to $235 million of the Company's common stock. In connection therewith, the Company anticipates effecting a 20.75281-for-1 stock split prior to the completion of the offering, together with an increase in the number of authorized shares of the Company's common stock. Accordingly, all references to numbers of shares in the consolidated financial statements and accompanying notes have been adjusted to reflect the stock split and change in the number of authorized shares on a retroactive basis.

On May 19, 2005, the Company reincorporated in Delaware by merging Ruth's Chris Steak House, Inc., a Louisiana corporation into a newly formed Delaware subsidiary.

11,430,000 Shares

RUTH'S CHRIS STEAK HOUSE, INC.

Common Stock

Prospectus
, 2005

Banc of America Securities LLC
Wachovia Securities
Goldman, Sachs & Co.
RBC Capital Markets
CIBC World Markets
SG Cowen & Co.
Piper Jaffray

Until , 2005, all dealers that buy, sell or trade the common stock may be required to deliver a prospectus, regardless of whether they are participating in this offering. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, payable by Ruth's Chris Steak House, Inc. in connection with the offer and sale of the securities being registered. All amounts are estimates except the SEC registration fee and the NASD filing fee.

SEC registration fee	$ 27,660
NASD filing fee	$ 24,000
Nasdaq listing fee	$ 100,000
Transfer Agent's Fee	*
Printing and engraving costs	*
Legal fees and expenses	*
Accounting fees and expenses	*
Miscellaneous	*
Total	$ *

* To be provided by amendment.

Item 14. Indemnification of Directors and Officers

We are incorporated under the laws of the State of Delaware. Section 145 ("Section 145") of the General Corporation Law of the State of Delaware (the "DGCL") provides that a Delaware corporation may indemnify any person who was, is or is threatened to be made, party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person is or was an officer, director, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the corporation's best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his conduct was illegal. A Delaware corporation may indemnify any persons who are, were or are threatened to be made, a party to any threatened, pending or completed action or suit by or in the right of the corporation by reasons of the fact that such person is or was a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, provided such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the corporation's best interests, provided that no indemnification is permitted without judicial approval if the officer, director, employee or agent is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him against the expenses which such officer or director has actually and reasonably incurred.

Section 145 further authorizes a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would otherwise have the power to indemnify him under Section 145.

Our amended and restated certificate of incorporation will provide that we must indemnify our directors and officers to the fullest extent authorized by the DGCL and must also pay expenses incurred in defending any such

proceeding in advance of its final disposition upon delivery of an undertaking, by or on behalf of an indemnified person, to repay all amounts so advanced if it should be determined ultimately that such person is not entitled to be indemnified under this section or otherwise.

The indemnification rights set forth above shall not be exclusive of any other right which an indemnified person may have or hereafter acquire under any statute, provision of our amended and restated certificate of incorporation, our by laws, agreement, vote of stockholders or disinterested directors or otherwise.

We maintain insurance to protect us and our directors and officers against any expense, liability or loss, whether or not we would have the power to indemnify such persons against such expense, liability or loss under applicable law.

Item 15. Recent Sales of Unregistered Securities

During the three-year period preceding the date of the filing of this registration statement, we have issued securities in the transactions described below without registration under the Securities Act. These securities were offered and sold in reliance upon exemptions from the registration requirements provided by Section 4(2) of the Securities Act and Regulation D under the Securities Act relating to sales not involving any public offering and/or Rule 701 under the Securities Act relating to transactions occurring under compensatory benefit plans.

On November 8, 2004, pursuant to our 2004 Restricted Stock Plan, we sold 1,167,487 shares of restricted stock for less than $0.01 per share to a group of directors and senior managers consisting of Craig S. Miller, Geoffrey D. K. Stiles, Thomas J. Pennison, Jr., Anthony M. Lavely, David L. Cattell, James G. Cannon, Alan Vituli and Carla R. Cooper.

Item 16. Exhibits and Financial Statement Schedules

(a) *Exhibits*.

Reference is made to the attached Exhibit Index, which is incorporated by reference herein.

(b) *Financial Statement Schedules*

Schedule II—Valuation and Qualifying Accounts for the fiscal year ended December 29, 2002, December 28, 2003 and December 26, 2004 and for the fiscal quarter ended March 27, 2005. All other schedules have been omitted because they are not required or because the information is presented in the notes to the financial statements.

Schedule II—Ruth's Chris Steak House, Inc. Valuation and Qualifying Accounts
(in thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Description	Balance at beginning of period	Additions charged to costs and expenses or revenues	Additions charged to other accounts	Deductions (a)	Balance at end of period
Quarter Ended March 27, 2005					
Allowance for doubtful accounts	275	16	—	—	291
Medical claims reserve	585	1,045	23	999	654
Workers' compensation reserve	381	318	—	301	398
Legal settlements	1,735	—	—	—	1,735
Total	2,976	1,379	23	1,300	3,078
Year Ended December 26, 2004					
Allowance for doubtful accounts	174	101	—	—	275
Medical claims reserve	584	4,274	633	4,906	585
Workers' compensation reserve	363	1,224	15	1,221	381
Legal settlements	110	1,625 (b)	—	—	1,735
Total	1,231	7,224	648	6,127	2,976
Year Ended December 28, 2003					
Allowance for doubtful accounts	43	131	—	—	174
Medical claims reserve	456	4,775	877	5,524	584
Workers' compensation reserve	133	1,129	42	941	363
Legal settlements	110	—	—	—	110
Total	742	6,035	919	6,465	1,231
Year Ended December 29, 2002					
Allowance for doubtful accounts	23	20	—	—	43
Medical claims reserve	485	3,662	88	3,779	456
Workers' compensation reserve	28	1,163	52	1,110	133
Legal settlements	—	110	—	—	110
Total	536	4,955	140	4,889	742

(a) Principally cash payments and reserve reversals.
(b) Reserve of $1,625 related to a labor code class action lawsuit filed in Superior Court of California.

Item 17. Undertakings

The undersigned registrant hereby undertakes:

1. For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

2. For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

The undersigned registrant also hereby undertakes to provide the underwriters at the closing specified in the Underwriting Agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. In the event that a claim for indemnification by the registrant against such liabilities, other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding, is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 3 to Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Metairie, State of Louisiana, on July 12, 2005.

RUTH'S CHRIS STEAK HOUSE, INC.

By: /S/ CRAIG S. MILLER

Name: **Craig S. Miller**
Title: **President and Chief Executive Officer**

Pursuant to the requirements of the Securities Act, this Amendment No. 3 to Registration Statement on Form S-1 has been signed by the following persons in the capacities indicated on July 12, 2005.

Signature	Title
/S/ CRAIG S. MILLER **Craig S. Miller**	President, Chief Executive Officer and Director (Principal Executive Officer)
/S/ THOMAS J. PENNISON, JR. **Thomas J. Pennison, Jr.**	Chief Financial Officer and Vice President, Finance (Principal Financial and Accounting Officer)
* **Robin P. Selati**	Director
* **Carla Cooper**	Director
* **Bannus B. Hudson**	Director
* **Alan Vituli**	Director

*By: /s/ THOMAS J. PENNISON, JR.

Thomas J. Pennison, Jr.,
Attorney-in-Fact

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
1.1*	Form of Underwriting Agreement.
3.1	Form of Amended and Restated Certificate of Incorporation of the Registrant.
3.2	Form of Restated Bylaws of the Registrant.
4.1*	Form of Certificate of Common Stock of the Registrant.
5.1	Opinion of Kirkland & Ellis LLP.
10.1**	Transaction and Merger Agreement, dated as of July 16, 1999, among the Registrant, RUF Merger Corp., Madison Dearborn Capital Partners III, L.P., Madison Dearborn Special Equity III, L.P. and Special Advisors Fund I, LLC.
10.2**	Shareholders Agreement between the Registrant, Madison Dearborn Capital Partners III, L.P., Madison Dearborn Special Equity III, L.P., Special Advisors Fund I, LLC., First Union Investors, Inc., GS Mezzanine Partners, LP., GS Mezzanine Partners Offshore and each of the stockholders of the Registrant identified as Investors therein.
10.3**	Registration Agreement between the Registrant, Madison Dearborn Capital Partners III, L.P., Madison Dearborn Special Equity III, L.P. and Special Advisors Fund I, LLC, First Union Investors, Inc., GS Mezzanine Partners, LP., GS Mezzanine Partners Offshore, and each of the stockholders of the Registrant identified as Investors therein.
10.4**	License Agreement, dated as of July 16, 1999, between Ruth U. Fertel and the Registrant.
10.5**	Securities Purchase Agreement between the Registrant and First Union Investors, Inc.
10.6**	Common Stock Purchase Warrant Certificate No. W-l issued to First Union Investors, Inc. in connection with warrants to purchase up to 37,735.849 shares of the Class B Common Stock of the Registrant.
10.7**	Certificate of Chief Financial Officer of Registrant under Common Stock Purchase Warrant, dated November 8, 2004.
10.8**	Purchase Agreement among the Registrant, the subsidiary guarantors identified therein, GS Mezzanine Partners, L.P. and GS Mezzanine Partners Offshore, L.P. relating to $45,000,000 Aggregate Principal Amount of 13% Senior Subordinated Notes Due 2006 and Warrants to Purchase 28,301.887 shares of Common Stock.
10.9**	Common Stock Purchase Warrant Certificate No. W-2 issued to GS Mezzanine Partners, L.P. in connection with warrants to purchase up to 18,413.837 shares of the Class A Common Stock of the Registrant.
10.10**	Certificate of Chief Financial Officer of Registrant under Common Stock Purchase Warrant, dated November 8, 2004.
10.11**	Common Stock Purchase Warrant Certificate No. W-3 issued to GS Mezzanine Partners Offshore, L.P. in connection with warrants to purchase up to 9,888.050 shares of Class A Common Stock.
10.12**	Certificate of Chief Financial Officer of Registrant under Common Stock Purchase Warrant, dated November 8, 2004.
10.13	2005 Long-Term Equity Incentive Plan.
10.14**	2004 Restricted Stock Plan.
10.15**	Amendment No. 1 to the 2004 Restricted Stock Plan.
10.16**	Form of Restricted Stock Agreement.

EXHIBIT NO.	DESCRIPTION
10.17**	2000 Stock Option Plan.
10.18**	Form of Stock Option Agreement.
10.19**	Employment agreement of Craig S. Miller.
10.20**	Employment agreement of Geoffrey D.K. Stiles.
10.21**	Credit Agreement, dated March 11, 2005, among the Registrant, as Borrower, the Lenders listed therein, as Lenders and Wells Fargo Bank, N.A., as Administrative Agent.
21.1**	List of Subsidiaries of the Registrant.
23.1	Consent of KPMG LLP.
23.2	Consent of Kirkland & Ellis LLP (included in Exhibit 5.1).
24.1**	Powers of Attorney.
24.2**	Power of Attorney for Bannus B. Hudson.

* To be filed by amendment.
** Filed previously.

Exhibit 3.1

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

RUTH'S CHRIS STEAK HOUSE, INC.

ARTICLE ONE
NAME

The name of the Corporation is Ruth's Chris Steak House, Inc. (the "Corporation").

ARTICLE TWO
REGISTERED OFFICE AND AGENT

The address of the Corporation's registered office in the State of Delaware is The Corporation Trust Center, 1209 Orange Street in the City of Wilmington, County of New Castle, 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE THREE
PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.

ARTICLE FOUR
CAPITAL STOCK

Section 1. Authorized Shares. The total number of shares of capital stock which the Corporation has authority to issue is 111,150,000 consisting of:

10,000,000 shares of initially undesignated Preferred Stock, par value $.01 per share ("Blank Check Preferred Stock");

58,000 shares of Series A Senior Cumulative Preferred Stock, par value $0.01 per share (the "Senior Preferred Stock");

92,000 shares of Series B Junior Cumulative Preferred Stock, par value $0.01 per share (the "Junior Preferred Stock");

100,000,000 shares of Common Stock, par value $0.01 per share (the "Common Stock"); and

1,000,000 shares of Class B Common Stock, par value $0.01 per share (the "Class B Common Stock").

Section 2. Blank Check Preferred Stock. The Blank Check Preferred Stock may be issued from time to time and in one or more series. The Board of Directors of the Corporation is authorized to determine or alter the powers, preferences and rights, and the qualifications, limitations and restrictions granted to or imposed upon any wholly unissued series of Blank Check Preferred Stock, and within the limitations or restrictions stated in any resolution or resolutions of the Board of Directors originally fixing the number of shares constituting any series of Blank Check Preferred Stock, to increase or decrease (but not below the number of shares of any such series of Preferred Stock then outstanding) the number of shares of any such series of Blank Check Preferred Stock, and to fix the number of shares of any series of Blank Check Preferred Stock. In the event that the number of shares of any series of Blank Check Preferred Stock shall be so decreased, the shares constituting such decrease shall resume the status which such shares had prior to the adoption of the resolution originally fixing the number of shares of such series of Blank Check Preferred Stock subject to the requirements of applicable law.

Section 3. Senior and Junior Preferred Stock. The Senior Preferred Stock shall, with respect to the payment of dividends, redemption rights, and the distribution of assets upon the occurrence of the voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation or any other payment or distribution with respect to the capital stock of the Corporation, rank senior to (i) all shares of Junior Preferred Stock, (ii) all shares of Common Stock and Class B Common Stock and (iii) unless otherwise approved hereunder by the holders of a majority of the outstanding shares of the Senior Preferred Stock, all shares of each other class or series of capital stock of the Corporation hereafter created. The Junior Preferred Stock shall, with respect to the payment of dividends, redemption rights, and the distribution of assets upon the occurrence of the voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, rank senior to (i) all shares of Common Stock and Class B Common Stock and (ii) unless otherwise approved hereunder by the holders of a majority of the outstanding shares of the Junior Preferred Stock, all shares of each other class or series of capital stock of the Corporation hereafter created.

(a) Dividends.

(i) General Obligation. When and as declared by the Corporation's board of directors and to the extent permitted under the Delaware General Corporation Law and under the Senior Loan Agreement, the Corporation will pay preferential dividends to the holders of the Preferred Stock as provided in this Section 3(a). Except as otherwise provided herein, dividends on each share of the Senior Preferred Stock (a "Senior Share") will accrue on an annual basis at a rate of 14.0% per annum, and dividends on each share of the Junior Preferred Stock (a "Junior Share", and together with the Senior Shares, the "Shares") will accrue on an annual basis at a rate of 8.0% per annum, in each case on the sum of (i) the Liquidation Value thereof and (ii) all

accumulated and unpaid dividends thereon from and including the Date of Issuance of such Share, as defined herein, to and including the date on which the Liquidation Value of such Share (plus all accrued and unpaid dividends on such Share) of such Share is paid in full. Such dividends will accrue whether or not they have been declared and whether or not there are profits, surplus or other funds of the Corporation legally available for the payment of dividends. Dividends payable on the Preferred Stock will be computed on the basis of a 365-day year and the number of days actually elapsed and will be deemed to accrue on a daily basis. The date on which the Corporation initially issues any Shares will be deemed to be its "Date of Issuance" regardless of the number of times transfer of such Shares is made on the stock records maintained by or for the Corporation and regardless of the number of certificates which may be issued to evidence such Share.

(ii) Dividend Reference Dates. To the extent that all accrued dividends are not paid on September 17th of each year beginning September 17, 2000 (the "Dividend Reference Dates"), all dividends which have accrued on each Share outstanding during the l2-month period (or other period in the case of the initial Dividend Reference Date) ending upon each such Dividend Reference Date will be accumulated and shall remain accumulated dividends with respect to such Share until paid to the holder thereof.

(iii) Distribution of Partial Dividend Payments. If at any time the Corporation elects to pay dividends in cash and pays less than the total amount of dividends then accrued with respect to any series of the Preferred Stock, such payment will be distributed first ratably among the holders of the Senior Preferred Stock based upon the aggregate accrued but unpaid dividends on the Senior Shares held by each such holder, and any amounts of such dividends remaining unpaid thereafter shall be accumulated and shall remain accumulated dividends with respect to such Senior Shares until paid to the holder thereof. If the Corporation pays the full amount of all dividends accrued on the Senior Shares, then the Corporation, subject to Section 3(f)(ii) of this Article Four, may elect to pay all or any portion of the amount of dividends then accrued or accumulated with respect to the Junior Shares. If the Corporation so elects and pays less than the total amount of dividends then accrued with respect to the Junior Shares, such payment will be distributed ratably among the holders of the Junior Shares based upon the aggregate accrued but unpaid dividends on the Junior Shares held by each such holder, and any amounts of such dividends remaining thereafter shall be accumulated and shall remain accumulated dividends with respect to such Junior Shares until paid to the holder thereof.

(iv) Payment of Stock Dividends. In the sole discretion of the Corporation, any dividends accruing on Shares of Senior Preferred Stock may be paid, in lieu of cash dividends, by the issuance of additional Shares of Senior Preferred Stock ("Senior PIK Dividends") (including fractional Shares) having an aggregate Liquidation Value at the time of such payment equal to the amount of the dividend to be paid; provided, that if the Corporation pays less than the total amount of dividends then accrued on the Senior Preferred Stock in the form of a Senior PIK Dividend, such payment in Shares shall be made pro rata to the holders of Senior Preferred Stock based upon the aggregate accrued but unpaid dividends on the Shares of Senior Preferred Stock held by each such holder; provided, further. that in the event the Corporation pays a Senior PIK Dividend, the Corporation shall also only pay dividends on the Junior Preferred Stock in the form of Junior PIK Dividends and shall not pay any cash dividends on Junior Preferred Stock. Subject

to the proviso in the preceding sentence, in the sole discretion of the Corporation, any dividends accruing on Shares of Junior Preferred Stock may be paid, in lieu of cash dividends, by the issuance of additional Shares of Junior Preferred Stock ("Junior PIK Dividends") (including fractional Shares) having an aggregate Liquidation Value at the time of such payment equal to the amount of the dividend to be paid; provided that if the Corporation pays less than the total amount of dividends then accrued on the Junior Preferred Stock in the form of a Junior PIK Dividend, such payment in Shares shall be made pro rata to the holders of Junior Preferred Stock based upon the aggregate accrued but unpaid dividends, subject to the proviso in the preceding sentence, on the Shares of Junior Preferred Stock held by each such holder.

(b) Liquidation. Upon any liquidation, dissolution or winding up of the Corporation, the holders of the Senior Preferred Stock will be entitled to be paid, before any distribution or payment is made upon the Junior Preferred Stock, the Common Stock, the Class B Common Stock or the Corporation's other equity securities, an amount in cash equal to the aggregate Liquidation Value (plus all accrued and unpaid dividends on all such Senior Preferred Stock outstanding) of all such Senior Preferred Stock outstanding, and the holders of Senior Preferred Stock will not be entitled to any further payment. Upon such liquidation, dissolution or winding up, the holders of the Junior Preferred Stock will be entitled to be paid, before any distribution or payment is made upon any of the Corporation's other equity securities, other than the Senior Preferred Stock, an amount in cash equal to the aggregate Liquidation Value (plus all accrued and unpaid dividends on all such Junior Preferred Stock outstanding) of all such Junior Preferred Stock outstanding, and the holders of Junior Preferred Stock will not be entitled to any further payment. The Corporation will mail written notice of such liquidation, dissolution or winding up, not less than 10 days prior to the payment date stated therein, to each record holder of Preferred Stock. Except as provided in Section 3(c)(iii) and Section 3(c)(iv) of this Article Four, a merger, reorganization or consolidation of the Corporation into or with any other corporation or corporations, a sale of the Corporation or a sale of all or a majority of the assets of the Corporation shall not be deemed to be a liquidation, dissolution or winding up of the Corporation with respect to the Senior Preferred Stock within the meaning of this Section 3(b).

(c) Redemptions.

(i) Scheduled Redemptions. On September 17, 2011 (the "Scheduled Redemption Date"), the Corporation will redeem all issued and outstanding Shares of Senior Preferred Stock at a price per Share equal to the Liquidation Value thereof (plus all accrued and unpaid dividends on such Shares).

(ii) Optional Redemptions. The Corporation may at any time redeem all or any portion of the Senior Preferred Stock then outstanding at a price per Share equal to the Liquidation Value thereof (plus all accrued and unpaid dividends on the Senior Preferred Stock outstanding); provided, that all partial optional redemptions of a series of Senior Preferred Stock pursuant to this Section 3(c)(ii) shall be made pro rata among the holders of such series of Senior Preferred Stock on the basis of the number of Shares held by each such holder. Redemptions made pursuant to this Section 3(c)(ii) will not relieve the Corporation of its obligations to redeem outstanding Senior Shares on the Scheduled Redemption Date. Redemptions made pursuant to

this Section 3(c)(ii) shall be subject to the provisions of the Senior Loan Agreement (unless such provisions have been expressly waived by the requisite lenders thereunder).

(iii) Special Redemptions.

(A) Change in Control. If a Change in Control has occurred or the Corporation obtains knowledge that a Change in Control is to occur, the Corporation shall give prompt written notice of such Change in Control describing in reasonable detail the definitive terms and date of consummation thereof to each holder of Senior Preferred Stock, but in any event such notice shall not be given later than five days prior to the occurrence of such Change in Control or three days after the Corporation obtains knowledge that a Change in Control is to occur. The holder or holders of a majority of the shares of Senior Preferred Stock then outstanding may require the Corporation to redeem all or any portion of the shares of Senior Preferred Stock owned by such holder or holders at a price per share of Preferred Stock equal to the Liquidation Value thereof (plus all accrued and unpaid dividends on such Senior Preferred Stock outstanding) by giving written notice to the Corporation of such election prior to the later of (a) 30 days after receipt of the Corporation's notice or (b) five days prior to the consummation of the Change in Control, such date being the "Expiration Date". In the event any holder of Senior Preferred Stock elects to have its Senior Shares redeemed, the Corporation shall give prompt written notice of any such election to all other holders of Senior Preferred Stock within five days after the receipt thereof, and each such holder shall have until the later of (a) the Expiration Date or (b) 10 days after receipt of such second notice to request redemption (by giving written notice to the Corporation) of all or any portion of the shares of Senior Preferred Stock owned by such holder. Upon receipt of such election(s), the Corporation shall be obligated to redeem the aggregate number of shares of Senior Preferred Stock specified therein on the later of (a) the occurrence of the Change in Control or (b) five days after the Corporation's receipt of such election(s). If in any case a proposed Change in Control does not occur, all requests for redemption in connection therewith shall be automatically rescinded.

(B) Initial Public Offering. If an IPO is proposed to occur, the Corporation shall give written notice of such IPO describing in reasonable detail the definitive terms and date of consummation thereof to each holder of Senior Preferred Stock not more than 50 days nor less than 10 days prior to the consummation thereof. The holder or holders of a majority of the shares of Senior Preferred Stock then outstanding may require the Corporation to redeem all or any portion of the shares of Senior Preferred Stock owned by such holder or holders at a price per share of Senior Preferred Stock equal to the Liquidation Value thereof (plus all accrued and unpaid dividends on such Senior Preferred Stock outstanding) by giving written notice to the Corporation of such election prior to the later of (a) 10 days prior to the consummation of the IPO or (b) 10 days after receipt of notice from the Corporation. In the event any holder of Senior Preferred Stock elects to have its Senior Shares redeemed, the Corporation shall give prompt written notice of such election to all other holders of the shares of Senior Preferred Stock (but in any event within five days prior to the consummation of the IPO), and each such holder shall have until five days after the receipt of such notice to request redemption (by written

notice given to the Corporation) of all or any portion of the Senior Preferred Stock owned by such holder. Upon receipt of such election(s), the Corporation shall be obligated to redeem the aggregate number of shares of Senior Preferred Stock specified therein upon the consummation of such IPO. If any proposed IPO does not occur, all requests for redemption in connection therewith shall be automatically rescinded.

(C) Default Under Amended and Restated Certificate of Incorporation and Securities Purchase Agreement. In the event the Corporation fails to comply in all material respects with any of its agreements or covenants contained in this Amended and Restated Certificate of Incorporation, as amended, or in the Securities Purchase Agreement and such failure continues uncured for a period of 45 days from the earlier to occur of (a) receipt of written notice from a holder of the Senior Preferred Stock specifying such failure and requesting that it be cured or (b) actual knowledge of any Designated Officer of such failure, then the holder or holders of a majority of the shares of Senior Preferred Stock then outstanding may require the Corporation to redeem all or any portion of the shares of the Senior Preferred Stock owned by such holder or holders at a price per share of Senior Preferred Stock equal to the Liquidation Value thereof (plus all accrued and unpaid dividends on all such Senior Preferred Stock outstanding) by giving written notice to the Corporation of such election. In the event any holder of Senior Preferred Stock elects to have its shares redeemed, the Corporation shall give prompt written notice of such election to all other holders of the shares of Senior Preferred Stock, and each such holder shall have until two days after the receipt of such notice to request redemption (by written notice given to the Corporation) of all or any portion of the Senior Preferred Stock owned by such holder. Within 15 days of receipt of such election(s), the Corporation shall be obligated to redeem the aggregate number of shares of Senior Preferred Stock specified therein.

(D) Default and Acceleration Under the Senior Loan Agreement. Upon the occurrence of an Event of Default (as defined in the Senior Loan Agreement) under the Senior Loan Agreement occurs and the Agent or the requisite lenders take any acceleration or enforcement action (or any acceleration or enforcement action occurs) then the holder or holders of a majority of the shares of Senior Preferred Stock then outstanding may require the Corporation to redeem all or any portion of the shares of the Senior Preferred Stock owned by such holder or holders at a price per share of Senior Preferred Stock equal to the Liquidation Value thereof (plus all accrued and unpaid dividends on all such Senior Preferred Stock outstanding) by giving written notice to the Corporation of such election; provided that such right to require redemption shall expire at such time as such acceleration is rescinded in writing by the appropriate parties set forth in clauses (a) or (b) above, as applicable. In the event any holder of Senior Preferred Stock elects to have its shares redeemed, the Corporation shall give prompt written notice of such election to all other holders of the shares of Senior Preferred Stock, and each such holder shall have until five days after the receipt of such notice to request redemption (by written notice given to the Corporation) of all or any portion of the Senior Preferred Stock owned by such holder. Within 15 days of receipt of such election(s), the Corporation shall be obligated to redeem the aggregate number of shares of Senior Preferred Stock specified therein.

(E) Default on Redemption. If the Corporation shall default in the payment of any portion of the Liquidation Value of the Senior Preferred Stock to be redeemed (plus all accrued and unpaid dividends on such Senior Preferred Stock to be redeemed), then, in addition to any other rights and remedies of the holders of such shares of Senior Preferred Stock which may be available herein or at law or in equity, the shares of Senior Preferred Stock that were to be redeemed shall continue to be outstanding, dividends shall continue to accrue thereon, and the holders thereof shall have all of the rights of a holder of Senior Preferred Stock, until such time as such default shall no longer be continuing.

(F) Senior Loan Agreement. This Section 3(c)(iii) shall be subject to the provisions of the Senior Loan Agreement (unless such provisions have been expressly waived by the requisite lenders) and shall not relieve the Corporation of its obligation to redeem outstanding Shares on the Scheduled Redemption Date.

(iv) Redemption Price. For each Share which is to be redeemed, the Corporation will be obligated on the Redemption Date to pay to the holder thereof (upon surrender by such holder at the Corporation's principal office of the certificate representing such Share) an amount in immediately available funds equal to the Liquidation Value thereof (plus all accrued and unpaid dividends on such Share). If the Corporation' s funds which are legally available for redemption of Senior Shares on any Redemption Date are insufficient to redeem the total number of Senior Shares to be redeemed on such date, those funds which are legally available will be used to redeem the maximum possible number of Senior Shares ratably among the holders of the Senior Shares to be redeemed based upon the aggregate Liquidation Value of such Senior Shares (plus all accrued and unpaid dividends on such Senior Shares) held by each such holder in accordance with the liquidation preferences set forth in Section 3(b) of this Article Four. At any time thereafter when additional funds of the Corporation are legally available for the redemption of Shares, such funds will immediately be used to redeem the balance of the Shares which the Corporation has become obligated to redeem on any Redemption Date but which it has not redeemed in accordance with the liquidation preferences set forth in Section 3(b) of this Article Four.

(v) Notice of Redemption. The Corporation will mail written notice of each redemption of Preferred Stock pursuant to Section 3(c)(i) and Section 3(c)(ii) of this Article Four to each record holder not more than 30 nor less than 10 days prior to the date on which such redemption is to be made. Upon mailing any notice of redemption which relates to a redemption at the Corporation's option, the Corporation will become obligated to redeem the total number of Shares specified in such notice at the time of redemption specified therein. In case fewer than the total number of shares represented by any certificate are redeemed, a new certificate representing the number of unredeemed Shares will be issued to the holder thereof without cost to such holder within three business days after surrender of the certificate representing the redeemed Shares.

(vi) Determination of the Number of Each Holder's Shares to be Redeemed. Except as otherwise provided herein, the number of Shares of any series of Preferred Stock to be redeemed from each holder thereof in redemptions hereunder will be the number of Shares determined by multiplying the total number of Shares of such series to be redeemed times a fraction, the numerator of which will be the total number of Shares of such series then held by

such holder and the denominator of which will be the total number of Shares of such series of Preferred Stock then outstanding.

(vii) Dividends After Redemption Date. No Share is entitled to any dividends accruing after the date on which the Liquidation Value (plus all accrued and unpaid dividends on such Share) of such Share is paid in full. On such date all rights of the holder of such Share will cease, and such Share will not be deemed to be outstanding.

(viii) Redeemed or Otherwise Acquired Shares. Any Shares which are redeemed or otherwise acquired by the Corporation will be canceled and will not be reissued, sold or transferred.

(ix) Repurchase of Junior Preferred Stock. The Corporation may repurchase shares of Junior Preferred Stock only after all shares of Senior Preferred Stock hereunder have been redeemed in full (other than repurchases of Junior Preferred Stock from former employees of the Corporation which have been approved by the Board of Directors of the Corporation).

(x) Other Redemptions or Acquisitions. Neither the Corporation nor any Subsidiary will redeem or otherwise acquire any Preferred Stock, except as expressly authorized herein.

(d) Priority of Preferred Stock.

(i) Priority of Senior Preferred Stock. So long as any Senior Preferred Stock remains outstanding, neither the Corporation nor any Subsidiary shall (a) declare or pay any dividends or make any distributions on, or in respect of, Junior Preferred Stock, Common Stock or Class B Common Stock (other than the payment of Junior PIK Dividends in accordance with Section 3(a)(iv) and Section 3(f)(ii)) of this Article Four or (b) purchase, redeem or otherwise acquire or retire for value any Junior Preferred Stock, Common Stock or Class B Common Stock or any warrants, rights or options to purchase or acquire Junior Preferred Stock or Shares of Common Stock or Class B Common Stock (other than repurchases of Junior Preferred Stock, Common Stock or Class B Common Stock from former employees of the Corporation which have been approved by the Board of Directors of the Corporation).

(ii) Priority of Junior Preferred Stock So long as any Junior Preferred Stock remains outstanding, neither the Corporation nor any Subsidiary shall (a) declare or pay any dividends or make any distributions on, or in respect of, the Common Stock or Class B Common Stock or (b) purchase, redeem or otherwise acquire or retire for value any Common Stock or any warrants, rights or options to purchase or acquire Shares of Common Stock or Class B Common Stock (other than repurchases of Common Stock or Class B Common Stock from former employees of the Corporation which have been approved by the Board of Directors of the Corporation).

(e) Events of Default. If the Corporation (each of the following is referred to hereinafter as a “Default”): (i) fails to redeem all of the Senior Preferred Stock on the Scheduled Redemption Date in accordance with Section 3(c)(i) of this Article Four; (ii) fails to redeem all

of the shares of any holder of the Senior Preferred Stock to be redeemed upon such holder's election pursuant to Section 3(c)(iii) of this Article Four; or (iii) (x) commences any case, proceeding or other action under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it bankrupt or insolvent, or seeking reorganization, composition, extension or such other relief with respect to it or its debts, or seeking appointment of a receiver, trustee, custodian or other similar official for all or substantially all of its assets (a "Bankruptcy Action"), (y) becomes the debtor named in any Bankruptcy Action which results in the entry of an order for relief or any such adjudication or appointment remains undismissed or undischarged for a period of 90 days or (z) makes a general assignment for the benefit of its creditors; or (iv) fails to comply with Section 3(f)(ii) of this Article Four; or (v) fails to comply in all material respects with any of the terms or covenants contained in the Securities Purchase Agreement and such failure continues uncured for a period 45 days from the earlier to occur of (x) written notice from a holder of Senior Preferred Stock, specifying such failure and requesting that it be cured or (y) any Designated Officer of the Corporation obtaining actual knowledge of such failure, then dividends on each share of Senior Preferred Stock from and after the date of such Default (having given effect to any applicable cure period) will accrue on an annual basis at a rate of 18% per annum for each quarter such Default remains uncured. Such increase in the dividend rate applicable to the Senior Preferred Stock shall continue in effect until such time as the Corporation cures such Default, at which time such dividend rate with respect to dividends accruing from and after the date of such cure shall be reduced to the original dividend rate applicable to the Senior Preferred Stock. In addition, the holders of the Senior Preferred Stock shall be entitled to exercise all rights set forth herein, including, without limitation, the rights set forth in Section 3(c)(iii) of this Article Four.

(f) Voting Rights; Certain Restrictions.

(i) Voting Rights. Except as otherwise provided herein and as otherwise required by law, the Preferred Stock shall have no voting rights; provided, that each holder of Preferred Stock shall be entitled to notice of all shareholders meetings at the same time and in the same manner as notice is given to the shareholders entitled to vote at such meeting. With respect to any issue required to be voted on and approved by holders of Senior Preferred Stock, the holders of Senior Preferred Stock will vote separately as a single class. With respect to any issue required to be voted on and approved by holders of Junior Preferred Stock, the holders of the Junior Preferred Stock will vote separately as a single class.

(ii) Certain Restrictions. So long as any shares of Senior Preferred Stock are outstanding, the Corporation shall not take any of the following actions without the affirmative vote or written consent of the holders representing a majority of the then outstanding shares of Senior Preferred Stock:

(A) create, authorize or issue any class or series of capital stock of the Corporation hereafter which ranks *pari passu* with or senior to the Senior Preferred Stock with respect to the payment of dividends, redemption rights, distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation or other preferences or rights of the Senior Preferred Stock;

(B) amend, change, alter or otherwise impair or adversely affect the specified rights, preferences, priorities, privileges, powers or other rights of the holders of Senior Preferred Stock under this Amended and Restated Certificate of Incorporation;

(C) redeem or purchase (A) any shares of Junior Securities (other than repurchases of Junior Securities from former employees of the Corporation which have been approved by the Board of Directors of the Corporation) or (B) any other shares of a class or series of capital stock of the Corporation which ranks junior to or *pari passu* with the Senior Preferred Stock;

(D) declare, pay or set apart for payment any dividend on (A) any shares of Junior Securities (other than the payment of Junior PIK Dividends in accordance with Section 3(a)(iv) of this Article Four) or (B) any other shares of a class or series of capital stock of the Corporation which ranks junior to or *pari passu* with the Senior Preferred Stock; or

(E) issue, or enter into any agreement providing for the issuance of, any shares of (x) Senior Preferred Stock (other than to pay Senior PIK Dividends to the holders of Senior Preferred Stock in accordance with Section 3(a)(iv) of this Article Four) or (y) Junior Preferred Stock (other than to pay Junior PIK Dividends to the holders of Junior Preferred Stock in accordance with Section 3(a)(iv) of this Article Four) or (B) increase the number of authorized shares of Senior Preferred Stock or Junior Preferred Stock.

(g) Registration of Transfer. The Corporation will keep at its principal office a register for the registration of Preferred Stock. Upon the surrender at such place of any certificate representing Preferred Stock, the Corporation will, at the request of the record holder of such certificate, execute and deliver (at the Corporation's expense) a new certificate or certificates in exchange therefor representing in the aggregate the number of Shares represented by the surrendered certificate. Each such new certificate will be registered in such name and will represent such number of Shares as is requested by the holder of the surrendered certificate and will be substantially identical in form to the surrendered certificate, and dividends will accrue on the Preferred Stock represented by such new certificate from the date to which dividends have been fully paid on such Preferred Stock represented by the surrendered certificate.

(h) Replacement. Upon receipt of evidence reasonably satisfactory to the Corporation (an affidavit of the registered holder will be satisfactory) of the ownership and the loss, theft, destruction or mutilation of any certificate evidencing Shares of any series or class of Preferred Stock, made in the case of any such loss, theft or destruction, upon receipt of indemnity reasonably satisfactory to the Corporation (provided that, if the holder is a financial institution or other "qualified institutional buyer" (as defined under Rule 144A of the Securities Act), its own agreement will be satisfactory), or, in the case of any such mutilation upon surrender of such certificate, the Corporation will (at its expense) execute and deliver in lieu of such certificate a new certificate of like kind representing the number of Shares of such class represented by such lost, stolen, destroyed or mutilated certificate and dated the date of such lost, stolen, destroyed or mutilated certificate. and dividends will accrue on the Preferred Stock represented by such new

certificate from the date to which dividends have been fully paid on such lost, stolen, destroyed or mutilated certificate.

(i) Definitions.

"Affiliate" means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person. The term "control" means (a) the power to vote more than 10% of the securities or other equity interests of a Person having ordinary voting power (on a fully diluted basis), or (b) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative of the foregoing.

"Bank Holding Company Affiliates" has the meaning set forth in Section 5(b)(v) of this Article Four.

"Bankruptcy Action" has the meaning set forth in Article Section 3(e) of this Article Four.

"Change in Control" means the occurrence of one or more of the following events:

(a) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation to any Person or group of related Persons for purposes of Section 13(d) of the Exchange Act (a "Group"), together with any Affiliates thereof (whether or not otherwise in compliance with the provisions of this Amended and Restated Certificate of Incorporation), other than to the Permitted Holders or their Related Parties;

(b) the approval by the holders of capital stock of the Corporation of any plan or proposal for the liquidation or dissolution of the Corporation (whether or not otherwise in compliance with the provisions of this Amended and Restated Certificate of Incorporation);

(c) any Person or Group (other than the Permitted Holders or their Related Parties) shall become the owner, directly or indirectly, beneficially or of record, of shares representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of the Corporation;

(d) the replacement of a majority of the Board of Directors of the Corporation over a two-year period from the directors who constituted the Board of Directors of the Corporation at the

beginning of such period, and such replacement shall not have been approved by the Permitted Holders or a vote of at least a majority of the Board of the Directors of the Corporation still in office who either were members of such Board of Directors at the beginning of such period or whose election as a member of such Board of Directors was previously so approved; or

(e) (1) prior to the date on which a Qualified IPO occurs, MDCP and its Affiliates shall cease to own on a fully diluted basis in the aggregate at least 51% of the economic and voting interest in the Corporation's capital stock and (2) from and after the date on which a Qualified IPO occurs, (x) any other Person or "group" (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act, as in effect on August 4, 1999) shall own a greater percentage of the voting and/or economic interest in the Corporation's capital stock than that owned by MDCP and its Affiliates or (y) occupation of a majority of seats (other than vacant seats) on the board of directors of the Corporation by Persons who were neither nominated by the board of directors of the Corporation immediately prior to the consummation of such Qualified IPO nor appointed by directors so nominated.

"Class B Common Stock" has the meaning set forth in Section 1 of this Article Four.

"Common Stock" has the meaning set forth in Section 1 of this Article Four.

"Conversion Ratio" shall have the meaning given such term in Section 3(m) of this Article Four.

"Converted Shares" has the meaning set forth in Section 5(b)(iii) of this Article Four.

"Converting Shares" has the meaning set forth in Section 5(b)(iii) of this Article Four.

"Corporation" has the meaning set forth in the Preamble hereof.

"Date of Issuance" has the meaning set forth in Section 3(a)(i) of this Article Four.

"Default" has the meaning set forth in Section 3(e) of this Article Four.

"Designated Officer" shall mean any of the following officers of the Corporation: chief executive officer, chief financial officer, chief operating officer, president, vice president of finance or treasurer.

"Dividend Reference Date" has the meaning set forth in Section 3(a)(ii) of this Article Four.

"Exchange Act" has the meaning set forth in Section 5(b)(v)(B) of this Article Four.

"Expiration Date" has the meaning set forth in Section 3(c)(iii) of this Article Four.

"Federal Reserve Board" has the meaning set forth in Section 5(b)(v) of this Article Four.

"IPO" means an underwritten initial public offering by the Corporation of its equity securities pursuant to a registration statement filed under the Securities Act of 1933, as amended.

"IPO Notice" shall have the meaning given such term in Section 3(m) of this Article Four.

"Junior PIK Dividends" has the meaning set forth in Section 3(a)(iv) of this Article Four.

"Junior Preferred Stock" has the meaning set forth in Section 1 of this Article Four.

"Junior Securities" means all shares of (i) Common Stock, (ii) Junior Preferred Stock or (iii) each other class or series of capital stock of the Corporation hereafter created which does not expressly rank *pari passu* or senior to the Senior Preferred Stock.

"Junior Share" has the meaning set forth in Section 3(a)(i) of this Article Four.

"Liquidation Value" of any Share as of any particular date will be equal to $1,000 per share (subject to adjustment for any combinations, consolidations, stock distributions or stock dividends with respect to the series of such Shares).

"MDCP" means Madison Dearborn Capital Partners III, LP. and its Affiliates.

"Permitted Holders" means Madison Dearborn Partners, LLC and its Affiliates and Ms. Ruth Fertel.

"Person" means an individual, a partnership, a corporation. limited liability company, an association, a joint stock corporation, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

"Qualified IPO" means a bona fide underwritten sale to the public of common stock of the Corporation pursuant to a registration statement (other than on Form S-8 or any other form relating to the securities issuable under any benefit plan of the Corporation or any of its Subsidiaries, as the case may be) that is declared effective by the SEC and such offering results in gross cash proceeds to the Corporation (exclusive of underwriter's discounts and commissions and other expenses) of at least $20,000,000.

"Redemption Date" as to any Share means the date specified in the notice of any redemption at the Corporation's option or the applicable date specified herein in the case of any other redemption; provided, that no such date will be a Redemption Date unless the applicable

Liquidation Value (plus all accrued and unpaid dividends on such Share) is actually paid, and if not so paid, the Redemption Date will be the date on which such Liquidation Date (plus all accrued and unpaid dividends thereon) is fully paid.

"Regulation Y" has the meaning set forth in Section 5(b)(v) of this Article Four.

"Related Parties" means:

(a) any controlling stockholders, 80% (or more) owned Subsidiary, or immediate family member (in the case of an individual) of any Permitted Holder, or

(b) any trust, corporation, partnership or other equity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding an 80% or more controlling interest of which consist of any one or more Permitted Holders and/or such other Persons referred to in the immediately preceding clause (a).

"SEC" means the Securities and Exchange Commission or any successor thereto.

"Scheduled Redemption Date" has the meaning set forth in Section 3(c)(i) of this Article Four.

"Securities Act" means the Securities Act of 1933, as amended, and any successor act or rule.

"Securities Purchase Agreement" means the Securities Purchase Agreement dated September 17, 1999 by and between the Corporation and Wachovia, as amended from time to time in accordance with the terms thereof.

"Senior Loan Agreement" means the Credit Agreement dated March 11, 2005, by and among the Corporation, the lenders party thereto and Wells Fargo Bank, National Association, as administrative agent, as amended from time to time or refinanced or replaced in accordance with the terms hereof.

"Senior PIK Dividends" has the meaning set forth in Section 3(a)(iv) of this Article Four.

"Senior Preferred Stock" has the meaning set forth in Section 1 of this Article Four.

"Senior Share" has the meaning set forth in Section 3(a)(i) of this Article Four.

"Shares" has the meaning set forth in Section 3(a)(i) of this Article Four.

"Subsidiary" means with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a limited liability company, partnership, association or

other business entity, a majority of the membership, partnership or other similar ownership interest thereof is at the time owned or controlled directly or indirectly, by any person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons shall be allocated a majority of limited' liability company, partnership, association or other business entity gains or losses or shall be or control the manager, managing director or general partner of such limited liability company, partnership, association or other business entity.

"Wachovia" means Wachovia Investors, Inc. (f/k/a First Union Investors, Inc.) and its Affiliates and their respective successors and assigns.

(j) Amendment and Waiver. No amendment, modification or waiver will be binding or effective with respect to any provision of this Section 3 without the prior written consent of (a) the holders of the Senior Preferred Stock with a Liquidation Value representing at least 50% of the aggregate Liquidation Value of the Senior Preferred Stock then outstanding voting separately as a class, and (b) the holders of the Junior Preferred Stock with a Liquidation Value representing at least 50% of the aggregate Liquidation Value of the Junior Preferred Stock then outstanding voting separately as a class.

(k) Notices. Except as otherwise expressly provided, all notices referred to herein will be in writing and will be delivered by registered or certified mail, return receipt requested, postage prepaid and will be deemed to have been given when so mailed (i) to the Corporation. at its principal executive offices and (ii) to any shareholder, at such holder's address as it appears in the stock records of the Corporation (unless otherwise indicated by such holder).

(l) Contractual Rights Not Limited. Nothing in this amendment or in the powers, preferences and rights of the Senior Preferred Stock set forth herein shall limit or abrogate any powers, preferences and rights granted to the holders of the Senior Preferred Stock pursuant to any contract of such holders with the Corporation, or with any other shareholders of the Corporation, including without limitation, the Securities Purchase Agreement.

(m) Conversion on IPO. If an IPO is to occur, the Corporation shall give written notice of such IPO (the "IPO Notice"), describing in reasonable detail the definitive terms and the proposed date of consummation thereof to each holder of the Junior Preferred Stock at least 10 days prior to such proposed date, and the Corporation may elect in the IPO Notice to require each outstanding share of Junior Preferred Stock (without any action on the part of the holder thereof) to be converted into a number of fully paid and nonassessable shares of Common Stock equal to (i) the Liquidation Value thereof (plus all accrued and unpaid dividends thereon) as of the date of the consummation of the IPO divided by (ii) the selling price per share of the Common Stock to the public in the IPO (the "Conversion Ratio"). In addition, if the Corporation has not elected to require conversion of the Junior Preferred Stock in connection with the IPO, each holder of Junior Preferred Stock may elect to convert all of such holder's shares of Junior Preferred Stock into fully paid and nonassessable shares of Common Stock at the Conversion Ratio by delivering written notice thereof to the Corporation within five days after delivery of the IPO Notice. All conversions of the Junior Preferred Stock into shares of

Common Stock under this paragraph shall be effected as of the consummation of the IPO. If any shares of Junior Preferred Stock have been converted in connection with the IPO promptly after the consummation of the IPO the holders of the shares so converted will deliver the certificates for such shares to the Corporation, and the Corporation will promptly issue to such holders certificates for the shares of Common Stock issued upon such conversion. Notwithstanding the foregoing, if any holder would be entitled to receive a fractional share upon the conversion of such holder's Junior Preferred Stock hereunder, instead of receiving such fractional share, the Corporation will pay such holder the value of the fraction share at the IPO selling price in cash.

Section 4. Reclassification and Stock Split.

(a) Reclassification. Immediately upon the filing of this amendment to the Certificate of Incorporation with the Secretary of State of the State of Delaware (the "Effective Time"), each outstanding share of Class A Common Stock of the Corporation shall, without any action by the holder thereof, be reclassified such that each outstanding share of Class A Common Stock shall convert into a share of Common Stock (before giving effect to the stock split described below). Prior to the effectiveness of the reclassification of the Class A Common Stock set forth above (the "Reclassification"), the Class A Common Stock shall continue to have the rights, preferences and limitations set forth in the Corporation's Amended and Restated Certificate of Incorporation as in effect immediately prior to the filing of this Amended and Restated Certificate of Incorporation.

(b) Split of Common Stock. Immediately at the Effective Time and immediately following the Reclassification, each share of Common Stock then outstanding shall be, without further action by the Corporation or any of the holders thereof, changed and converted into a number of shares of Common Stock equal to that number determined by multiplying each outstanding share of Common Stock by 20.75281 (the "Stock Split Factor"). The par value of the Common Stock after such stock split shall be $.01 per share.

(c) Split of Class B Common Stock. Immediately upon the Effective Time, each share of Class B Common Stock outstanding at the Effective Time shall be, without further action by the Corporation or any of the holders thereof, changed and converted into a number of shares of Class B Common Stock equal to that number determined by multiplying each outstanding share of Class B Common Stock by the Stock Split Factor. The par value of the Class B Common Stock after such stock split shall be $.01 per share.

(d) No Fractional Shares. No fractional shares shall be issued in connection with the stock split. A holder of Common Stock or Class B Common Stock who immediately prior to the Effective Time owns a number of shares of Common Stock or Class B Common Stock which is not evenly divisible by the Stock Split Factor shall be issued cash in lieu of the fractional interest. All shares of Common Stock and Class B Common Stock (including fractions thereof) issuable upon the conversion of Common Stock or Class B Common Stock described above in paragraph (b) or (c) to a holder thereof shall be aggregated for purposes of determining whether the conversion would result in a holder of shares of Common Stock or Class B Common Stock holding a fractional share of Common Stock or Class B Common Stock.

(e) Certificates. The conversion of the Common Stock or Class B Common Stock into such new number of shares of Common Stock or Class B Common Stock will be deemed to occur at the Effective Time, regardless of if or when any certificates previously representing such shares of Common Stock or Class B Common Stock are physically surrendered to the Corporation in exchange for certificates representing such new number of shares of Common Stock or Class B Common Stock. Each certificate outstanding immediately prior to the Effective Time representing shares of Common Stock or Class B Common Stock shall, until surrendered to the Corporation in exchange for a certificate representing such new number of shares of Common Stock or Class B Common Stock as determined in paragraphs (b) and (c), automatically represent from and after the Effective Time that number of shares of Common Stock or Class B Common Stock equal to the number of shares shown on the face of the certificate multiplied by the Stock Split Factor.

(f) Status of Shares of Common Stock. The Corporation shall not close its books against the transfer of the Common Stock or Class B Common Stock issued or issuable upon conversion pursuant to paragraph (b) or (c) above in any manner which interferes with the timely conversion of the Common Stock or Class B Common Stock. All shares of Common Stock and Class B Common Stock which are so issuable shall, when issued, be duly and validly issued, fully paid and nonassessable and free from all taxes, liens and charges. The Corporation shall take all such actions as may be necessary to assure that all such shares of Common Stock or Class B Common Stock may be so issued without violation of any applicable law or governmental regulation or any requirements of any domestic securities exchange upon which shares of Common Stock or Class B Common Stock may be listed (except for official notice of issuance which shall be immediately delivered by the Corporation upon each such issuance). The Corporation shall not take any action which would cause the number of authorized but unissued shares of Common Stock or Class B Common Stock to be less than the number of such shares required to be reserved hereunder for issuance upon conversion pursuant to paragraph (b) or (c) above.

Section 5. Common Stock and Class B Common Stock. Except with respect to voting rights, as otherwise provided in this Section 5 or as otherwise required by applicable law, all shares of Common Stock and Class B Common Stock, shall be identical in all respects and shall entitle the holders thereof to the same rights and privileges, subject to the same qualifications, limitations and restrictions, and Class B Common Stock shall be treated by the Corporation identically to Common Stock, as though the Common Stock and Class B Common Stock were of a single class.

(a) Voting Rights.

(i) Common Stock. Except as otherwise provided in this Section 5 or as otherwise required by applicable law, the holders of Common Stock shall be entitled to one vote per share on all matters to be voted on by the Corporation’s shareholders.

(ii) Class B Common Stock. Except as otherwise provided in this Section 5 or as otherwise required by applicable law, the holders of Class B Common Stock shall have no voting rights; provided, however, that the approval of the holders of a majority of the outstanding

shares of Class B Common Stock shall be required for any merger or consolidation of the Corporation with or into an entity or entities, or any recapitalization or reorganization, if as a result of any of the foregoing, the shares of Class B Common Stock would receive or be exchanged for consideration different on a per share basis from the consideration received with respect to or in exchange for shares of Common Stock or would otherwise be treated differently from shares of Common Stock in connection with such transaction, except that shares of Class B Common Stock may, without such a separate Class B Common Stock vote, receive or be exchanged for non-voting securities which are otherwise identical on a per share basis in amount and form to the voting securities which are otherwise identical on a per share basis in amount and form to the voting securities received with respect to or exchanged for Common Stock so long as (i) such non-voting securities are convertible into such voting securities on the same terms as Class B Common Stock is convertible into Common Stock and (ii) all other consideration is equal on a per share basis.

(b) Conversion.

(i) Conversion of Class B Common Stock into Common Stock. Subject to and upon compliance with the provisions of this Section 5, any record holder of Class B Common Stock shall be entitled to convert, at any time and from time to time, any or all of the shares of Class B Common Stock held by such record holder into the same number of shares of Common Stock.

(ii) Conversion Procedure. Each conversion of shares of Class B Common Stock into shares of Common Stock pursuant to this Section 5 shall be effected by the surrender of the certificate or certificates representing the shares to be converted (the "Converting Shares") at the principal office of the Corporation (or such other office or agency of the Corporation as the Corporation may designate by written notice to the holders of Common Stock and Class B Common Stock) at any time during its usual business hours, together with written notice by the holder of such Converting Shares, stating that such holder desires to convert the Converting Shares, and the number of shares of Common Stock into which the Converting Shares are to be converted (the "Converted Shares"). Such notice shall also state the name or names (with addresses) and denominations in which the certificate or certificates for Converted Shares are to be issued and shall include transactions for the delivery thereof. Promptly after such surrender and the receipt of such by written notice, the Corporation will issue and deliver in accordance with the surrendering holder's instructions the certificate or certificates evidencing the Converted Shares issuable upon such conversion, and the Corporation will deliver to the converting holder a certificate (which shall contain such legends as were set forth on the surrendered certificate or certificates) representing any shares which were represented by the certificate or certificates that were delivered to the Corporation in connection with such conversion, but which were not converted. Such conversion, to the extent permitted by law, shall be deemed to have been effected as of the close of business on the date on which such certificate or certificates shall have been surrendered and such notice shall have been received by the Corporation, and at such time the rights of the holder of the Converting Shares as such holder shall cease and the Person or Persons in whose name or names the certificate or certificates for the Converted Shares are to be issued upon such conversion shall be deemed to have become the holder or holders of record of the Converted Shares. Upon issuance of the shares in accordance with this Section 5, such

Converted Shares shall be deemed to be fully authorized, validly issued, fully paid and non-assessable. The Corporation shall take all such actions as may be necessary to assure that all such shares of Common Stock may be so issued without violation of any applicable law or governmental regulation or any requirements of any domestic securities exchange upon which shares of Common Stock or Class B Common Stock may be listed (except for official notice of issuance which will be immediately transmitted by the Corporation upon issuance). The issuance of certificates for shares of any class of Common Stock upon the conversion of Class B Common Stock as permitted by and pursuant to this Section 5 shall be made without charge to the holders for any issuance tax in respect thereof or other cost incurred by the Corporation in connection with such conversion and the related issuance of shares of Common Stock. The Corporation shall not close its books against the transfer of shares of Class B Common Stock in any manner which would interfere with the timely conversion of any shares of Class B Common Stock. In the event of the conversion of less than all of the shares of Class B Common Stock evidenced by a single certificate, the Corporation shall execute and deliver to the holder thereof, without charge to such holder, a new certificate or new certificates evidencing the shares of Class B Common Stock not so converted.

(iii) Reservation of Shares. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares and/or its treasury shares of Common Stock, such number of shares of Common Stock as are then issuable upon the conversion of all outstanding shares of Class B Common Stock which may, directly or indirectly, be converted into Common Stock.

(iv) Compliance with Regulation Y. Notwithstanding any right of the conversion of Class B Common Stock pursuant to this Section 5(b), except to the extent provided by Regulation Y, or any successor regulation ("Regulation Y"), promulgated under the Bank Holding Company Act of 1956, as amended, by the Board of Governors of the Federal Reserve System or any successor thereto (the "Federal Reserve Board"), no shares of Class B Common Stock originally issued by the Corporation to a Person subject to the provisions of Regulation Y shall be converted by the original holder thereof or any direct or indirect transferee thereof as shares of Common Stock, if, after giving effect to such conversion, such Person, its Bank Holding Company Affiliates (as hereinafter defined) and any direct or indirect transferee thereof would beneficially own more than 4.9% of the total issued and outstanding shares, interests, participations or other equivalents (however designated) of voting capital stock of the Corporation, unless such shares of Common Stock are being distributed, disposed of or sold in anyone of the following transactions:

(A) such shares of Common Stock are being sold in a public offering registered under the Securities Act of 1933, as amended, or a public sale pursuant to Rule 144 promulgated thereunder or any successor rule then in effect;

(B) such shares of Common Stock are being sold (including by virtue of a merger, consolidation or similar transaction involving the Corporation) to any Person or group of related Persons for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), if, after such sale, such Person or group of Persons in the aggregate would own or control securities of the Corporation which

possess in the aggregate the ordinary voting power to elect a majority of the members of the Corporation's Board of Directors;

(C) such shares of Common Stock are being sold to a Person or group of related Persons for purposes of Section 13(d) of the Exchange Act, if, after such sale, such Person or group of Persons in the aggregate would own, control or have the right to acquire less than 2% of the outstanding securities of any class of voting securities of the Corporation;

(D) such shares are being sold to the Corporation pursuant to a put or call option, a right of first offer, co-sale right or otherwise; or

(E) such shares of Common Stock are being sold in any other manner designated by the holder to be permitted by the Federal Reserve Board.

As used herein, "Bank Holding Company Affiliates" means, with respect to any Person subject to the provisions of Regulation Y, (i) if such Person is a bank holding company, any company directly or indirectly controlled by such bank holding company, and (ii) otherwise, the bank holding company that controls such Person and any company (other than such Person) directly or indirectly controlled by such bank holding company.

(c) Dividends. Subject to Section 5(a) of this Article Four, as and when dividends are declared or paid thereon, whether in cash, property or securities of the Corporation, the holders of Common Stock and Class B Common Stock shall be entitled to participate in such dividends ratably on a per share basis.

(d) Liquidation. Subject to Section 5(b) of this Article Four, the holders of the Common Stock or Class B Common Stock shall be entitled to participate ratably on a per share basis in all distributions to the holders of Common Stock or Class B Common Stock in any liquidation, dissolution or winding up of the Corporation.

(e) Registration of Transfer. The Corporation shall keep at its principal office (or such other place as the Corporation reasonably designates) a register for the registration of shares of Common Stock or Class B Common Stock. Upon the surrender at such place of any certificate representing shares of Common Stock or Class B Common Stock, the Corporation shall, at the request of the record holder of such certificate. execute and deliver (at the Corporation's expense) a new certificate or certificates in exchange therefor representing in the aggregate the number of shares of such stock represented by the surrendered certificate and the Corporation shall forthwith cancel such surrendered certificate. Each such new certificate shall be registered in such name and shall represent such number of shares of Common Stock or Class B Common Stock as is requested by the holder of the surrendered certificate and shall be substantially identical in form to the surrendered certificate. The issuance of new certificates shall be made without charge to the holders of the surrendered certificates for any issuance tax in respect thereof or other cost incurred by the Corporation in connection with such issuance.

(f) Replacement. Upon receipt of evidence reasonably satisfactory to the Corporation (provided, that an affidavit of the registered holder will be satisfactory) of the ownership and the loss, theft, destruction or mutilation of any certificate evidencing one or more shares of Common Stock or Class B Common Stock, and in the case of any such loss, theft or destruction, upon receipt of indemnity reasonably satisfactory to the Corporation (provided that if the holder is a financial institution or other institutional investor its own agreement will be satisfactory), or, in the case of any such mutilation upon surrender of such certificate, the Corporation shall (at its expense) execute and deliver in lieu of such certificate of like kind representing the number of shares of such stock represented by such lost, stolen, destroyed or mutilated certificate and dated the date of such lost, stolen, destroyed or mutilated certificate.

(g) Notices. All notices referred to herein shall be in writing, and shall be delivered by registered or certified mail, return receipt requested, postage prepaid, and shall be deemed to have been given when so mailed (i) to the Corporation at its principal executive offices and (ii) to any shareholder at such holder's address as it appears in the stock records of the Corporation (unless otherwise specified in a written notice to the Corporation by such holder).

(h) Amendment and Waiver. No amendment or waiver of any provision of this Section 5 shall be effective out the prior written consent of the holders of a majority of the then outstanding shares of Common Stock voting as a single class; provided that no amendment as to any terms or provision of, or for the benefit of, the Class B Common Stock that adversely affects the conversion rights, voting powers, or other rights or powers of the Class B Common Stock shall be effective without the prior consent of the holders of a majority of the then outstanding shares of the Class B Common Stock, voting separately as a single class. For purposes of votes on amendments and waivers to this Section 5, each share of Common Stock shall be entitled to one vote.

ARTICLE FIVE
DURATION

The Corporation is to have perpetual existence.

ARTICLE SIX
BOARD OF DIRECTORS

Section 1. Number of Directors. The number of directors which shall constitute the Board of Directors shall be fixed from time to time by resolution adopted by the affirmative vote of a majority of the total number of directors then in office.

Section 2. Election and Term of Office. The directors shall be elected by a plurality of the votes of the shares of capital stock of the Corporation present in person or represented by proxy at the meeting and entitled to vote in the election of directors. The directors shall be elected and shall hold office only in this manner, except as provided in Section 3 of this Article Six. Each director shall hold office until a successor is duly elected and qualified or until his or

her earlier death, resignation or removal. Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

Section 3. Newly-Created Directorships and Vacancies. Newly created directorships resulting from any increase in the number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or any other cause may be filled, so long as there is at least one remaining director, only by the Board of Directors, provided that a quorum is then in office and present, or by a majority of the directors then in office, if less than a quorum is then in office, or by the sole remaining director. Directors elected to fill a newly created directorship or other vacancies shall hold office until such director's successor has been duly elected and qualified or until his or her earlier death, resignation or removal as hereinafter provided.

Section 4. Removal of Directors. Any director may be removed from office at any time for cause, at a meeting called for that purpose, but only by the affirmative vote of the holders of at least 66-2/3% of the voting power of all outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

Section 5. Bylaws. The Board of Directors is expressly authorized to adopt, amend or repeal the bylaws of the Corporation. Notwithstanding the foregoing and anything contained in this Amended and Restated Certificate of Incorporation to the contrary, the bylaws of the Corporation shall not be amended or repealed by the stockholders, and no provision inconsistent therewith shall be adopted by the stockholders, without the affirmative vote of the holders of 66-2/3% of the voting power of all outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors.

ARTICLE SEVEN
LIMITATION OF LIABILITY AND INDEMNIFICATION

Section 1. Limitation of Liability.

(a) To the fullest extent permitted by the Delaware General Corporation Law as it now exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior thereto), no director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages arising from a breach of fiduciary duty owed to the Corporation or its stockholders.

(b) Any repeal or modification of the foregoing paragraph by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

Section 2. Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved (including involvement as a witness) in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a

"proceeding"), by reason of the fact that he or she is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director or officer or in any other capacity while serving as a director or officer, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior thereto), against all expense, liability and loss (including attorneys' fees and related disbursements, judgments, fines, excise taxes or penalties under the Employee Retirement Income Security Act of 1974, as amended from time to time ("ERISA"), penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith and such indemnification shall continue as to an indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators; provided, however, that, except as provided in Section 3 of this Article Seven with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this Section 2 of this Article Seven shall be a contract right and shall include the obligation of the Corporation to pay the expenses incurred in defending any such proceeding in advance of its final disposition (an "advance of expenses"); provided, however, that an advance of expenses incurred by an indemnitee shall be made only upon delivery to the Corporation of an undertaking (an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise. The Corporation may, by action of its Board of Directors, provide indemnification to employees and agents of the Corporation with the same or lesser scope and effect as the foregoing indemnification of directors and officers.

Section 3. Procedure for Indemnification. Any indemnification of a director or officer of the Corporation or advance of expenses under Section 2 of this Article Seven shall be made promptly, and in any event within forty-five days (or, in the case of an advance of expenses, twenty days, provided that the director or officer has delivered the undertaking contemplated by Section 2 of this Article Seven), upon the written request of the director or officer. If a determination by the Corporation that the director or officer is entitled to indemnification pursuant to this Article Seven is required, and the Corporation fails to respond within sixty days to a written request for indemnity, the Corporation shall be deemed to have approved the request. If the Corporation denies a written request for indemnification or advance of expenses, in whole or in part, or if payment in full pursuant to such request is not made within forty-five days (or, in the case of an advance of expenses, twenty days, provided that the director or officer has delivered the undertaking contemplated by Section 2 of this Article Seven), the right to indemnification or advances as granted by this Article Seven shall be enforceable by the

director or officer in any court of competent jurisdiction. Such person's costs and expenses incurred in connection with successfully establishing his or her right to indemnification, in whole or in part, in any such action shall also be indemnified by the Corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of expenses where the undertaking required pursuant to Section 2 of this Article Seven, if any, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the Delaware General Corporation Law for the Corporation to indemnify the claimant for the amount claimed, but the burden of such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct. The procedure for indemnification of other employees and agents for whom indemnification is provided pursuant to Section 2 of this Article Seven shall be the same procedure set forth in this Section 3 for directors or officers, unless otherwise set forth in the action of the Board of Directors providing indemnification for such employee or agent.

Section 4. Insurance. The Corporation may purchase and maintain insurance on its own behalf and on behalf of any person who is or was a director, officer, employee or agent of the Corporation or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss asserted against him or her and incurred by him or her in any such capacity, whether or not the Corporation would have the power to indemnify such person against such expenses, liability or loss under the Delaware General Corporation Law.

Section 5. Service for Subsidiaries. Any person serving as a director, officer, employee or agent of another corporation, partnership, limited liability company, joint venture or other enterprise, at least 50% of whose equity interests are owned by the Corporation (a "subsidiary" for this Article Seven) shall be conclusively presumed to be serving in such capacity at the request of the Corporation.

Section 6. Reliance. Persons who after the date of the adoption of this provision become or remain directors or officers of the Corporation or who, while a director or officer of the Corporation, become or remain a director, officer, employee or agent of a subsidiary, shall be conclusively presumed to have relied on the rights to indemnity, advance of expenses and other rights contained in this Article Seven in entering into or continuing such service. The rights to indemnification and to the advance of expenses conferred in this Article Seven shall apply to claims made against an indemnitee arising out of acts or omissions which occurred or occur both prior and subsequent to the adoption hereof.

Section 7. Non-Exclusivity of Rights. The rights to indemnification and to the advance of expenses conferred in this Article Seven shall not be exclusive of any other right which any person may have or hereafter acquire under this Amended and Restated Certificate of

Incorporation or under any statute, by-law, agreement, vote of stockholders or disinterested directors or otherwise.

Section 8. Merger or Consolidation. For purposes of this Article Seven, references to the "Corporation" shall include, in addition to the resulting Corporation, any constituent Corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent Corporation, or is or was serving at the request of such constituent Corporation as a director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this Article Seven with respect to the resulting or surviving Corporation as he or she would have with respect to such constituent Corporation if its separate existence had continued.

Section 9. Savings Clause. If this Article Seven or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each person entitled to indemnification under Section 2 of this Article Seven as to all expense, liability and loss (including attorneys' fees and related disbursements, judgments, fines, ERISA excise taxes and penalties, penalties and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by such person and for which indemnification is available to such person pursuant to this Article Seven to the full extent permitted by any applicable portion of this Article Seven that shall not have been invalidated and to the full extent permitted by applicable law.

ARTICLE EIGHT
ACTION BY WRITTEN CONSENT/SPECIAL MEETINGS OF STOCKHOLDERS

If the Corporation's Common Stock is registered under Section 12 of the Securities Exchange Act of 1934, as amended: (i) the stockholders of the Corporation may not take any action by written consent in lieu of a meeting, and must take any actions at a duly called annual or special meeting of stockholders and the power of stockholders to consent in writing without a meeting is specifically denied and (ii) special meetings of stockholders of the Corporation may be called only by either the Board of Directors pursuant to a resolution adopted by the affirmative vote of the majority of the total number of directors then in office or by the chairman of the Board of Directors.

ARTICLE NINE
CERTAIN TRANSACTIONS

Section 1. Certain Acknowledgments. In recognition and anticipation that, (i) the directors, officers, members, managers and/or employees of Madison Dearborn Capital Partners III, LP and Madison Dearborn Partners, LLC or affiliates and investment funds of such entities (collectively, "Madison Dearborn") may serve as directors and/or officers of the Corporation, (ii) Madison Dearborn may engage in the same or similar activities or related lines of business as

those in which the Corporation, directly or indirectly, may engage and/or other business activities that overlap with or compete with those in which the Corporation, directly or indirectly, may engage, (iii) non-employee directors of the Corporation may engage in the same or similar activities or related lines of business as those in which the Corporation, directly or indirectly, may engage and/or other business activities that overlap with or compete with those in which the Corporation, directly or indirectly may engage, and (iv) the Corporation and its subsidiaries may engage in material business transactions with Madison Dearborn and that the Corporation is expected to benefit therefrom, the provisions of this Article Nine are set forth to regulate and define the conduct of certain affairs of the Corporation as they may involve either any non-employee director or Madison Dearborn and its directors, officers, members, managers and/or employees, and the powers, rights, duties and liabilities of the Corporation and its officers, directors and stockholders in connection therewith.

Section 2. Competition and Corporate Opportunities. Neither Madison Dearborn nor any non-employee director shall have any duty to refrain from engaging directly or indirectly in the same or similar business activities or lines of business as the Corporation or any of its subsidiaries. In the event that Madison Dearborn or any non-employee director acquires knowledge of a potential transaction or matter which may be a corporate opportunity for themselves and the Corporation or any of its subsidiaries, neither the Corporation nor any of its subsidiaries shall have any expectancy in such corporate opportunity, and neither Madison Dearborn nor any non-employee director shall have any duty to communicate or offer such corporate opportunity to the Corporation or any of its subsidiaries and may pursue or acquire such corporate opportunity for themselves or direct such corporate opportunity to another person.

Section 3. Allocation of Corporate Opportunities. In the event that a director of the Corporation who is not an employee of the Corporation acquires knowledge of a potential transaction or matter which may be a corporate opportunity for the Corporation or any of its subsidiaries and such non-employee director, neither the Corporation nor any of its subsidiaries shall have any expectancy in such corporate opportunity unless such corporate opportunity is expressly offered to such non-employee director solely in his or her capacity as a director of the Corporation.

Section 4. Agreements and Transactions with Madison Dearborn. In the event that Madison Dearborn enters into an agreement or transaction with the Corporation or any of its subsidiaries, a director or officer of the Corporation who is also a director, officer, member, manager and/or employee of Madison Dearborn shall have fully satisfied and fulfilled the fiduciary duty of such director or officer to the Corporation and its stockholders with respect to such agreement or transaction, if:

(a) The agreement or transaction was approved, after being made aware of the material facts of the relationship between each of the Corporation or subsidiary thereof and Madison Dearborn and the material terms and facts of the agreement or transaction, by (i) an affirmative vote of a majority of the members of the Board of Directors of the Corporation who are not persons or entities with a material financial interest in the agreement or transaction ("Interested Persons") or (ii) an affirmative vote of a majority of

the members of a committee of the Board of Directors of the Corporation consisting of members who are not Interested Persons;

(b) The agreement or transaction was fair to the Corporation at the time the agreement or transaction was entered into by the Corporation; or

(c) The agreement or transaction was approved by an affirmative vote of a majority of the shares of the Corporation's Common Stock entitled to vote, excluding Madison Dearborn and any Interested Person; provided that if no Common Stock is then outstanding a majority of the voting power of the Corporation's capital stock entitled to vote, excluding Madison Dearborn and any Interested Person.

Section 5. Amendment of this Article. Notwithstanding anything to the contrary elsewhere contained in this Amended and Restated Certificate of Incorporation, the affirmative vote of the holders of at least 80% of the voting power of all shares of Common Stock then outstanding, shall be required to alter, amend or repeal, or to adopt any provision inconsistent with, this Article Nine.

Section 6. Deemed Notice. Any person or entity purchasing or otherwise acquiring any interest in any shares of the Corporation shall be deemed to have notice or and to have consented to the provisions of this Article Nine.

ARTICLE TEN
AMENDMENT

Subject to Article Four hereof, the Corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed herein and by the laws of the state of Delaware, and all rights conferred upon stockholders herein are granted subject to this reservation. Notwithstanding any other provision of this Amended and Restated Certificate of Incorporation or the Bylaws of the Corporation, and notwithstanding the fact that a lesser percentage or separate class vote may be specified by law, this Amended and Restated Certificate of Incorporation, the Bylaws of the Corporation or otherwise, but in addition to any affirmative vote of the holders of any particular class or series of the capital stock set forth in Articles Four or Nine or as required by law, this Amended and Restated Certificate of Incorporation, the Bylaws of the Corporation or otherwise, the affirmative vote of the holders of at least 66-2/3% of the voting power of all outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, shall be required to adopt any provision inconsistent with, to amend or repeal any provision of, or to adopt a bylaw inconsistent with, Articles Six, Seven, Eight and Ten of this Amended and Restated Certificate of Incorporation.

ARTICLE ELEVEN
SECTION 203 OF THE DELAWARE GENERAL CORPORATION LAW

The Corporation expressly elects to be governed by Section 203 of the Delaware General Corporation Law.

* * * * * *

Exhibit 3.2

BY-LAWS

OF

RUTH'S CHRIS STEAK HOUSE, INC.

A Delaware corporation
(Adopted as of July 5, 2005)

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of Ruth's Chris Steak House, Inc., Inc. (the "Corporation") in the State of Delaware shall be located at Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, 19801. The name of the Corporation's registered agent at such address shall be The Corporation Trust Company. The registered office and/or registered agent of the Corporation may be changed from time to time by action of the Board of Directors of the Corporation (the "Board of Directors").

Section 2. Other Offices. The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Place of Meetings. The Board of Directors may designate any place, either within or without the State of Delaware, as the place of meeting for any annual meeting or for any special meeting.

Section 2. Annual Meeting. An annual meeting of the stockholders shall be held each year at such time as is specified by the Board of Directors. At the annual meeting, stockholders shall elect directors and transact such other business as properly may be brought before the annual meeting pursuant to Section 12 of ARTICLE II hereof.

Section 3. Special Meetings. Special meetings of stockholders may only be called in the manner provided in the Corporation's certificate of incorporation as then in effect (the "Certificate of Incorporation").

Section 4. Notice of Meetings. Whenever stockholders are required or permitted to take action at a meeting, written notice of each annual and special meeting of stockholders stating the date, time and place of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each stockholder of record entitled to vote thereat not less than 10 nor more than 60 days before the date of the meeting. Business

transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice. Notice shall be given personally or by mail and, if by mail, shall be sent in a postage prepaid envelope, addressed to the stockholder at his, her or its address as the same appears on the records of the Corporation. Notice by mail shall be deemed given at the time when the same shall be deposited in the United States mail, postage prepaid. Notice of any meeting shall not be required to be given to any person who attends such meeting, except when such person attends the meeting in person or by proxy for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, or who, either before or after the meeting, shall submit a signed written waiver of notice, in person or by proxy. Neither the business to be transacted at, nor the purpose of, an annual or special meeting of stockholders need be specified in any written waiver of notice.

Section 5. List of Stockholders. The officer having charge of the stock ledger of the Corporation shall prepare and make, at least 10 days before each meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, showing the address of and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least 10 days prior to the meeting: (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 6. Quorum. The holders of a majority of the outstanding shares of capital stock entitled to vote, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders, except as otherwise provided by the General Corporation Law of the State of Delaware or by the Certificate of Incorporation. If a quorum is not present, the holders of a majority of the shares present in person or represented by proxy at the meeting, and entitled to vote at the meeting, may adjourn the meeting to another time and/or place. When a specified item of business requires a vote by a class or series (if the Corporation shall then have outstanding shares of more than one class or series) voting as a class or series, the holders of a majority of the shares of such class or series shall constitute a quorum (as to such class or series) for the transaction of such item of business.

Section 7. Adjourned Meetings. When a meeting is adjourned to another time and place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 8. Vote Required. When a quorum is present, the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote

on the subject matter shall be the act of the stockholders, unless by express provisions of an applicable law or of the Certificate of Incorporation a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 9. Voting Rights. Except as otherwise provided by the General Corporation Law of the State of Delaware, the Certificate of Incorporation, the certificate of designation relating to any outstanding class or series of preferred stock or these By-laws, every stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of capital stock held by such stockholder.

Section 10. Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for him or her by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally. Any proxy is suspended when the person executing the proxy is present at a meeting of stockholders and elects to vote, except that when such proxy is coupled with an interest and the fact of the interest appears on the face of the proxy, the agent named in the proxy shall have all voting and other rights referred to in the proxy, notwithstanding the presence of the person executing the proxy. At each meeting of the stockholders, and before any voting commences, all proxies filed at or before the meeting shall be submitted to and examined by the secretary or a person designated by the secretary, and no shares may be represented or voted under a proxy that has been found to be invalid or irregular.

Section 11. Advance Notice Provisions for Election of Directors.

(a) Only persons who are nominated in accordance with the procedures set forth in these By-laws shall be eligible to serve as directors. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of stockholders (i) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (ii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice provided for in this By-law, who is entitled to vote generally in the election of directors at the meeting and who shall have complied with the notice procedures set forth below in Section 11(b).

(b) In order for a stockholder to nominate a person for election to the Board of Directors of the Corporation at a meeting of stockholders, such stockholder shall have delivered timely notice of such stockholder's intent to make such nomination in writing to the secretary of the Corporation. To be timely, a stockholder's notice to the secretary must be delivered to or mailed and received at the principal executive offices of the Corporation (i) in the case of an annual meeting, not less than 90 nor more than 120 days prior to the date of the first anniversary of the previous year's annual meeting; provided, however, that in the event the annual meeting is scheduled to be held on a date more than 30 days prior to or delayed by more than 60 days after such anniversary date, notice by the stockholder in order to be timely must be so received not

later than the close of business on the 10th day following the earlier of the day on which notice of the date of the meeting was mailed or public disclosure of the meeting was made and (ii) in the case of a special meeting at which directors are to be elected, not later than the close of business on the 10th day following the earlier of the day on which notice of the date of the meeting was mailed or public disclosure of the meeting was made. To be in proper form, a stockholder's notice shall set forth (i) as to each person whom the stockholder proposes to nominate for election as a director at such meeting (A) the name, age, business address and residence address of the person, (B) the principal occupation or employment of the person, (C) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by the person and (D) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and (ii) as to the stockholder giving the notice (A) the name and record address of such stockholder, (B) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (C) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (D) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice and (E) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Regulation 14A under the Exchange Act. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected. For purposes of this section, "public disclosure" shall mean disclosure in a Current Report on Form 8-K (or any successor form) or in a press release reported by Dow Jones News Service, Associated Press or a comparable national news service.

(c) No person shall be eligible to serve as a director of the Corporation unless nominated in accordance with the procedures set forth in this section. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by this section, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded. A stockholder seeking to nominate a person to serve as a director must also comply with all applicable requirements of the Exchange Act, and the rules and regulations thereunder with respect to the matters set forth in this section.

Section 12. Advance Notice Provisions for Other Business to be Conducted at an Annual Meeting. At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (ii) brought before the meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (iii) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the secretary of

the Corporation. To be timely, a stockholder's notice to the secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than 90 nor more than 120 days prior to the date of the first anniversary of the previous year's annual meeting; provided, however, that in the event the annual meeting is scheduled to be held on a date more than 30 days prior to or delayed by more than 60 days after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the 10th day following the day on which notice of the date of the annual meeting was mailed or public disclosure of the date of the annual meeting was made, whichever occurs first. To be in proper form, a stockholder's notice to the secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting, (ii) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business, (iii) the class and number of shares of the Corporation which are beneficially owned by the stockholder and (iv) any material interest of the stockholder in such business. Notwithstanding anything in these By-laws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this section. The presiding officer of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting and in accordance with the provisions of this section; if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted. For purposes of this section, "public disclosure" shall mean disclosure in a Current Report on Form 8-K (or any successor form) or in a press release reported by Dow Jones News Service, Associated Press or a comparable national news service. Nothing in this section shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 13. Fixing a Record Date for Stockholder Meetings. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the close of business on the next day preceding the day on which notice is first given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 14. Fixing a Record Date for Other Purposes. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment or any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purposes of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining

stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

ARTICLE III

DIRECTORS

Section 1. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to such powers as are herein and in the Certificate of Incorporation expressly conferred upon it, the Board of Directors shall have and may exercise all the powers of the Corporation, subject to the provisions of the laws of Delaware, the Certificate of Incorporation and these By-laws.

Section 2. Annual Meetings. The annual meeting of the Board of Directors shall be held without other notice than this By-law immediately after, and at the same place as, the annual meeting of stockholders.

Section 3. Regular Meetings and Special Meetings. Regular meetings, other than the annual meeting, of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by resolution of the Board of Directors. Special meetings of the Board of Directors may be called by the chairman of the board, the president (if the president is a director) or, upon the written request of at least a majority of the directors then in office.

Section 4. Notice of Meetings. Notice of regular meetings of the Board of Directors need not be given except as otherwise required by law or these By-laws. Notice of each special meeting of the Board of Directors, and of each regular and annual meeting of the Board of Directors for which notice shall be required, shall be given by the secretary as hereinafter provided in this Section 4, in which notice shall be stated the time and place of the meeting. Except as otherwise required by these By-laws, such notice need not state the purposes of such meeting. Notice of any special meeting, and of any regular or annual meeting for which notice is required, shall be given to each director at least (a) 24 hours before the meeting if by telephone or by being personally delivered or sent by telex, telecopy, email or similar means or (b) 5 days before the meeting if delivered by mail to the director's residence or usual place of business. Such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage prepaid, or when transmitted if sent by telex, telecopy, email or similar means. Neither the business to be transacted at, nor the purpose of, any special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting. Any director may waive notice of any meeting by a writing signed by the director entitled to the notice and filed with the minutes or corporate records.

Section 5. Waiver of Notice and Presumption of Assent. Any member of the Board of Directors or any committee thereof who is present at a meeting shall be conclusively presumed to have waived notice of such meeting except when such member attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Such member shall be conclusively presumed to

have assented to any action taken unless his or her dissent shall be entered in the minutes of the meeting or unless his or her written dissent to such action shall be filed with the person acting as the secretary of the meeting before the adjournment thereof or shall be forwarded by registered mail to the secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to any member who voted in favor of such action.

Section 6. Chairman of the Board, Quorum, Required Vote and Adjournment. The Board of Directors shall elect, by the affirmative vote of a majority of the total number of directors then in office, a chairman of the board, who shall preside at all meetings of the stockholders and Board of Directors at which he or she is present and shall have such powers and perform such duties as the Board of Directors may from time to time prescribe. If the chairman of the board is not present at a meeting of the stockholders or the Board of Directors, the president (if the president is a director and is not also the chairman of the board) shall preside at such meeting, and, if the president is not present at such meeting, a majority of the directors present at such meeting shall elect one of their members to so preside. A majority of the total number of directors then in office shall constitute a quorum for the transaction of business. Unless by express provision of an applicable law, the Certificate of Incorporation or these By-laws a different vote is required, the vote of a majority of directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Committees. The Board of Directors (i) may, by resolution passed by a majority of the entire Board of Directors, designate one or more committees, including an executive committee, consisting of one or more of the directors of the Corporation, and (ii) shall during such period of time as any securities of the Corporation are listed on NASDAQ, by resolution passed by a majority of the entire Board of Directors, designate all committees required by the rules and regulations of NASDAQ. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Except to the extent restricted by applicable law or the Certificate of Incorporation, each such committee, to the extent provided in the resolution creating it, shall have and may exercise all the powers and authority of the Board of Directors. Each such committee shall serve at the pleasure of the Board of Directors as may be determined from time to time by resolution adopted by the Board of Directors or as required by the rules and regulations of NASDAQ, if applicable. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors upon request.

Section 8. Committee Rules. Each committee of the Board of Directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided by a resolution of the Board of Directors designating such committee. Unless otherwise provided in such a resolution, the presence of at least a majority of the members of the committee shall be necessary to constitute a quorum. Unless otherwise provided in such a resolution, in the event that a member and that member’s alternate, if alternates are designated by the Board of Directors, of such committee is or are absent or disqualified, the member or members thereof present at any meeting and not disqualified from voting, whether or

not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member.

Section 9. Communications Equipment. Members of the Board of Directors or any committee thereof may participate in and act at any meeting of such board or committee through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear and speak with each other, and participation in the meeting pursuant to this section shall constitute presence in person at the meeting.

Section 10. Action by Written Consent. Unless otherwise restricted by the Certificate of Incorporation, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of such board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

Section 11. Compensation. The Board of Directors shall have the authority to fix the compensation, including fees and reimbursement of expenses, of directors for services to the Corporation in any capacity.

Section 12. Reliance on Books and Records. A member of the Board of Directors, or a member of any committee designated by the Board of Directors shall, in the performance of such person's duties, be fully protected in relying in good faith upon records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board of Directors, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

ARTICLE IV

OFFICERS

Section 1. Number. The officers of the Corporation shall be elected by the Board of Directors and shall consist of a chairman of the board, a chief executive officer, a president, one or more vice-presidents, a secretary, a chief financial officer and such other officers and assistant officers as may be deemed necessary or desirable by the Board of Directors. Any number of offices may be held by the same person, except that neither the chief executive officer nor the president shall also hold the office of secretary. In its discretion, the Board of Directors may choose not to fill any office for any period as it may deem advisable, except that the offices of president and secretary shall be filled as expeditiously as possible.

Section 2. Election and Term of Office. The officers of the Corporation shall be elected annually by the Board of Directors at its first meeting held after each annual meeting of stockholders or as soon thereafter as convenient. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each officer shall hold office until a

successor is duly elected and qualified or until his or her earlier death, resignation or removal as hereinafter provided.

Section 3. Removal. Any officer or agent elected by the Board of Directors may be removed by the Board of Directors at its discretion, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. Vacancies. Any vacancy occurring in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors.

Section 5. Compensation. Compensation of all executive officers shall be approved by the Board of Directors, and no officer shall be prevented from receiving such compensation by virtue of his or her also being a director of the Corporation; provided however, that compensation of some or all executive officers may be determined by a committee established for that purpose if so authorized by the unanimous vote of the Board of Directors or as required by applicable law or regulation, including any exchange or market upon which the Corporation's securities are then listed for trading or quotation.

Section 6. Chairman of the Board. The chairman of the board shall preside at all meetings of the stockholders and of the Board of Directors and shall have such other powers and perform such other duties as may be prescribed to him or her by the Board of Directors or provided in these By-laws.

Section 7. Chief Executive Officer. The chief executive officer shall have the powers and perform the duties incident to that position. Subject to the powers of the Board of Directors and the chairman of the board, the chief executive officer shall be in the general and active charge of the entire business and affairs of the Corporation, and shall be its chief policy making officer. The chief executive officer shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or provided in these By-laws. The chief executive officer is authorized to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation. Whenever the president is unable to serve, by reason of sickness, absence or otherwise, the chief executive officer shall perform all the duties and responsibilities and exercise all the powers of the president.

Section 8. The President. The president of the Corporation shall, subject to the powers of the Board of Directors, the chairman of the board and the chief executive officer, have general charge of the business, affairs and property of the Corporation, and control over its officers, agents and employees. The president shall see that all orders and resolutions of the Board of Directors are carried into effect. The president is authorized to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation. The president shall have such other powers and perform such

other duties as may be prescribed by the chairman of the board, the chief executive officer, the Board of Directors or as may be provided in these By-laws.

Section 9. Vice-Presidents. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the Board of Directors or the chairman of the board, shall, in the absence or disability of the president, act with all of the powers and be subject to all the restrictions of the president. The vice-presidents shall also perform such other duties and have such other powers as the Board of Directors, the chairman of the board, the chief executive officer, the president or these By-laws may, from time to time, prescribe. The vice-presidents may also be designated as executive vice-presidents or senior vice-presidents, as the Board of Directors may from time to time prescribe.

Section 10. The Secretary and Assistant Secretaries. The secretary shall attend all meetings of the Board of Directors (other than executive sessions thereof) and all meetings of the stockholders and record all the proceedings of the meetings in a book or books to be kept for that purpose or shall ensure that his or her designee attends each such meeting to act in such capacity. Under the chairman of the board's supervision, the secretary shall give, or cause to be given, all notices required to be given by these By-laws or by law; shall have such powers and perform such duties as the Board of Directors, the chairman of the board, the chief executive officer, the president or these By-laws may, from time to time, prescribe; and shall have custody of the corporate seal of the Corporation. The secretary, or an assistant secretary, shall have authority to affix the corporate seal to any instrument requiring it and when so affixed, it may be attested by his or her signature or by the signature of such assistant secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his or her signature. The assistant secretary, or if there be more than one, any of the assistant secretaries, shall in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the Board of Directors, the chairman of the board, the chief executive officer, the president, or secretary may, from time to time, prescribe.

Section 11. The Chief Financial Officer. The chief financial officer shall have the custody of the corporate funds and securities; shall keep full and accurate all books and accounts of the Corporation as shall be necessary or desirable in accordance with applicable law or generally accepted accounting principles; shall deposit all monies and other valuable effects in the name and to the credit of the Corporation as may be ordered by the chairman of the board or the Board of Directors; shall cause the funds of the Corporation to be disbursed when such disbursements have been duly authorized, taking proper vouchers for such disbursements; and shall render to the Board of Directors, at its regular meeting or when the Board of Directors so requires, an account of the Corporation; shall have such powers and perform such duties as the Board of Directors, the chairman of the board, the chief executive officer, the president or these By-laws may, from time to time, prescribe.

Section 12. Other Officers, Assistant Officers and Agents. Officers, assistant officers and agents, if any, other than those whose duties are provided for in these By-laws, shall have such authority and perform such duties as may from time to time be prescribed by resolution of the Board of Directors.

Section 13. Absence or Disability of Officers. In the case of the absence or disability of any officer of the Corporation and of any person hereby authorized to act in such officer's place during such officer's absence or disability, the Board of Directors may by resolution delegate the powers and duties of such officer to any other officer or to any director, or to any other person selected by it.

ARTICLE V

CERTIFICATES OF STOCK

Section 1. Form. The shares of stock of the Corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of stock of the Corporation shall be uncertificated shares of stock. Notwithstanding the adoption of such a resolution by the Board of Directors, every holder of stock represented by a certificate and, upon request, every holder of uncertificated shares shall be entitled to have a certificate, signed by, or in the name of the Corporation by the chairman of the board, the chief executive officer or the president and the secretary or an assistant secretary of the Corporation, certifying the number of shares owned by such holder in the Corporation. If such a certificate is countersigned (i) by a transfer agent or an assistant transfer agent other than the Corporation or its employee or (ii) by a registrar, other than the Corporation or its employee, the signature of any such chairman of the board, chief executive officer, president, secretary or assistant secretary may be facsimiles. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on, any such certificate or certificates shall cease to be such officer or officers of the Corporation whether because of death, resignation or otherwise before such certificate or certificates have been delivered by the Corporation, such certificate or certificates may nevertheless be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the Corporation. All certificates for shares shall be consecutively numbered or otherwise identified. The name of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the books of the Corporation. Shares of stock of the Corporation shall only be transferred on the books of the Corporation by the holder of record thereof or by such holder's attorney duly authorized in writing, upon surrender to the Corporation of the certificate or certificates for such shares endorsed by the appropriate person or persons, with such evidence of the authenticity of such endorsement, transfer, authorization and other matters as the Corporation may reasonably require, and accompanied by all necessary stock transfer stamps. In that event, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate or certificates and record the transaction on its books. The Board of Directors may appoint a bank or trust company organized under the laws of the United States or any state thereof to act as its transfer agent or registrar, or both in connection with the transfer of any class or series of securities of the Corporation.

Section 2. Lost Certificates. The Corporation may issue or direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that

fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Corporation may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his or her legal representative, to give the Corporation a bond sufficient to indemnify the Corporation against any claim that may be made against the Corporation on account of the loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 3. Registered Stockholders. Prior to the surrender to the Corporation of the certificate or certificates for a share or shares of stock with a request to record the transfer of such share or shares, the Corporation may treat the registered owner as the person entitled to receive dividends, to vote, to receive notifications and otherwise to exercise all the rights and powers of an owner. The Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof.

ARTICLE VI

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, in accordance with applicable law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to the provisions of applicable law and the Certificate of Incorporation. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or any other purpose and the directors may modify or abolish any such reserve in the manner in which it was created.

Section 2. Checks, Notes, Drafts, Etc. All checks, notes, drafts or other orders for the payment of money of the Corporation shall be signed, endorsed or accepted in the name of the Corporation by such officer, officers, person or persons as from time to time may be designated by the Board of Directors or by an officer or officers authorized by the Board of Directors to make such designation.

Section 3. Contracts. In addition to the powers otherwise granted to officers pursuant to ARTICLE IV hereof, the Board of Directors may authorize any officer or officers, or any agent or agents, of the Corporation to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 4. Loans. Subject to compliance with applicable law (including the Sarbanes-Oxley Act of 2002, as amended), the Corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the Corporation or of its

subsidiaries, including any officer or employee who is a director of the Corporation or its subsidiaries, whenever, in the judgment of the directors, such loan, guaranty or assistance may reasonably be expected to benefit the Corporation. The loan, guaranty or other assistance may be with or without interest, and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the Corporation. Nothing in this section shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the Corporation at common law or under any statute.

Section 5. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 6. Corporate Seal. The Board of Directors may provide a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. Notwithstanding the foregoing, no seal shall be required by virtue of this Section.

Section 7. Voting Securities Owned By Corporation. Voting securities in any other Corporation held by the Corporation shall be voted by the chief executive officer, the president or a vice-president, unless the Board of Directors specifically confers authority to vote with respect thereto, which authority may be general or confined to specific instances, upon some other person or officer. Any person authorized to vote securities shall have the power to appoint proxies, with general power of substitution.

Section 8. Inspection of Books and Records. The Board of Directors shall have power from time to time to determine to what extent and at what times and places and under what conditions and regulations the accounts and books of the Corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right to inspect any account or book or document of the Corporation, except as conferred by the laws of the State of Delaware, unless and until authorized so to do by resolution of the Board of Directors or of the stockholders of the Corporation.

Section 9. Section Headings. Section headings in these By-laws are for convenience of reference only and shall not be given any substantive effect in limiting or otherwise construing any provision herein.

Section 10. Inconsistent Provisions. In the event that any provision of these By-laws is or becomes inconsistent with any provision of the Certificate of Incorporation, the General Corporation Law of the State of Delaware or any other applicable law, the provision of these By-laws shall not be given any effect to the extent of such inconsistency but shall otherwise be given full force and effect.

ARTICLE VII

AMENDMENTS

These By-laws may be amended, altered, changed or repealed or new By-laws adopted only in accordance with Article Six of the Certificate of Incorporation.

Exhibit 5.1

KIRKLAND & ELLIS LLP

AND AFFILIATED PARTNERSHIPS

200 East Randolph Drive
Chicago, Illinois 60601

312 861-2000

www.kirkland.com

July 8, 2005

Ruth's Chris Steak House, Inc.
3321 Hessmer Avenue
Metairie, Louisiana 70002

Ladies and Gentlemen:

We are acting as special counsel to Ruth's Chris Steak House, Inc., a Delaware corporation (the "Company"), in connection with the proposed registration by the Company of 11,430,000 shares of its Common Stock, par value $0.01 per share (the "Common Stock"), which includes 1,714,500 shares of Common Stock to cover over-allotments, if any, pursuant to a Registration Statement on Form S-1 (Registration No. 333-124285), originally filed with the Securities and Exchange Commission (the "Commission") on April 25, 2005 under the Securities Act of 1933, as amended (the "Act") (such Registration Statement, as amended or supplemented, is hereinafter referred to as the "Registration Statement"). The shares of Common Stock to be issued and sold by the Company pursuant to the Registration Statement are referred to herein as the "Firm Shares," the shares of Common Stock to be sold by the selling stockholders identified in the Registration Statement are referred to herein as the "Secondary Shares" and the Firm Shares and Secondary Shares are collectively referred to herein as the "Shares."

In that connection, we have examined originals, or copies certified or otherwise identified to our satisfaction, of such documents, corporate records and other instruments as we have deemed necessary for the purposes of this opinion, including (i) the corporate and organizational documents of the Company, including the Amended and Restated Certificate of Incorporation of the Company (the "Amended and Restated Certificate") to be filed with the Secretary of State of the State of Delaware prior to the sale of the Shares and (ii) minutes and records of the corporate proceedings of the Company with respect to the issuance and sale of the Firm Shares and the original issuance of the Secondary Shares.

For purposes of this opinion, we have assumed the authenticity of all documents submitted to us as originals, the conformity to the originals of all documents submitted to us as copies and the authenticity of the originals of all documents submitted to us as copies. We have also assumed the legal capacity of all natural persons, the genuineness of the signatures of persons signing all documents in connection with which this opinion is rendered, the authority of such persons signing on behalf of the parties thereto other than the Company and the due authorization, execution and delivery of all documents by the parties thereto other than the Company. We have not independently established or verified any facts relevant to the opinions expressed herein, but have relied upon statements and representations of officers and other representatives of the Company and others.

Based upon and subject to the foregoing qualifications, assumptions and limitations and the further limitations set forth below, we are of the opinion that:

(1) Upon filing of the Amended and Restated Certificate with the Secretary of State of the State of Delaware, the Firm Shares will be duly authorized, and, when the Registration Statement becomes effective under the Act, and when appropriate certificates representing the Firm Shares are duly countersigned and registered by the Company's transfer agent/registrar and delivered to the Company's underwriters against payment of the agreed consideration therefor in accordance with the Underwriting Agreement, the Firm Shares will be validly issued, fully paid and nonassessable.

(2) The Secondary Shares have been duly authorized, validly issued and fully paid and are non-assessable.

Our opinion expressed above is subject to the qualification that we express no opinion as to the applicability of, compliance with, or effect of any laws except the General Corporation Law of the State of Delaware (including the statutory opinions, all applicable provisions of the Delaware constitution and reported judicial decisions interpreting the foregoing).

We hereby consent to the filing of this opinion with the Commission as Exhibit 5.1 to the Registration Statement. We also consent to the reference to our firm under the heading "Legal Matters" in the Registration Statement. In giving this consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission. This opinion and consent may be incorporated by reference in a subsequent registration statement on Form S-1 filed pursuant to Rule 462(b) under the Act with respect to the registration of additional securities for sale in the offering contemplated by the Registration Statement and shall cover such additional securities, if any, registered on such subsequent registration statement.

We do not find it necessary for the purposes of this opinion, and accordingly we do not purport to cover herein, the application of the securities or "Blue Sky" laws of the various states to the issuance and sale of the Firm Shares and the sale of the Secondary Shares.

This opinion is limited to the specific issues addressed herein, and no opinion may be inferred or implied beyond that expressly stated herein. This opinion speaks only as of the date that the Registration Statement becomes effective under the Act and we assume no obligation to revise or supplement this opinion after the date of effectiveness should the General Corporation Law of the State of Delaware be changed by legislative action, judicial decision or otherwise after the date hereof.

Sincerely,

/s/ Kirkland & Ellis LLP

KIRKLAND & ELLIS LLP

Exhibit 10.13

RUTH'S CHRIS STEAK HOUSE, INC.
2005 LONG-TERM EQUITY INCENTIVE PLAN

1. Purpose.

This plan shall be known as the Ruth's Chris Steak House, Inc. 2005 Long-Term Equity Incentive Plan (the "Plan"). The purpose of the Plan shall be to promote the long-term growth and profitability of Ruth's Chris Steak House, Inc. (the "Company") and its Subsidiaries by (i) providing certain directors, officers and employees of, and certain other individuals who perform services for, the Company and its Subsidiaries with incentives to maximize stockholder value and otherwise contribute to the success of the Company and (ii) enabling the Company to attract, retain and reward the best available persons for positions of responsibility. Grants of incentive or non-qualified stock options, restricted stock, restricted stock units, deferred stock units, performance awards, or any combination of the foregoing may be made under the Plan.

2. Definitions.

(a) "Board of Directors" and "Board" mean the board of directors of the Company.

(b) "Cause" means (i) a Participant's theft or embezzlement, or attempted theft or embezzlement, of money or property of the Company, a Participant's perpetration or attempted perpetration of fraud, or a Participant's participation in a fraud or attempted fraud, on the Company or a Participant's unauthorized appropriation of, or a Participant's attempt to misappropriate, any tangible or intangible assets or property of the Company, (ii) any act or acts of disloyalty or misconduct by a participant injurious to the interest, property, operations, business or reputation of the Company or a Participant's commission of a felony or crime or act of moral turpitude or (iii) a Participant's willful disregard of a directive given by a superior or the Board or a violation of a Company employment policy.

(c) "Change in Control" means the occurrence of one of the following events:

(i) if any "person" or "group" as those terms are used in Sections 13(d) and 14(d) of the Exchange Act or any successors thereto, other than an Exempt Person, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act or any successor thereto), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities; or

(ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new directors whose election by the Board or nomination for election by the Company's stockholders was approved by at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election was previously so approved, cease for any reason to constitute a majority thereof; or

(iii) consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation (A) which would result in all or a

portion of the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation or (B) by which the corporate existence of the Company is not affected and following which the Company's chief executive officer and directors retain their positions with the Company (and constitute at least a majority of the Board); or

(iv) consummation of a plan of complete liquidation of the Company or a sale or disposition by the Company of all or substantially all the Company's assets, other than a sale to an Exempt Person.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Committee" means the Compensation Committee of the Board, which shall consist solely of two or more members of the Board.

(f) "Common Stock" means the Common Stock, par value $0.01 per share, of the Company, and any other shares into which such stock may be changed by reason of a recapitalization, reorganization, merger, consolidation or any other change in the corporate structure or capital stock of the Company.

(g) "Competition" is deemed to occur if a person whose employment with the Company or its Subsidiaries has terminated obtains a position as a full-time or part-time employee of, as a member of the board of directors of, or as a consultant or advisor with or to, or acquires an ownership interest in excess of 5% of, a corporation, partnership, firm or other entity that engages in any of the businesses of the Company or any Subsidiary with which the person was involved in a management role at any time during his or her last five years of employment with or other service for the Company or any Subsidiaries.

(h) "Disability" occurs if a participant:

(i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or

(ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the participant's employer.

(i) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(j) "Exempt Person" means (i) Madison Dearborn Partners, LLC, Madison Dearborn Partners III, L.P., Madison Dearborn Capital Partners III, L.P., Madison Dearborn Special Equity III, L.P. or Special Advisors Fund I, LLC or any of their affiliates, (ii) any person,

entity or group under the control of any party included in clause (i), or (iii) any employee benefit plan of the Company or a trustee or other administrator or fiduciary holding securities under an employee benefit plan of the Company.

(k) "Family Member" has the meaning given to such term in General Instructions A.1(a)(5) to Form S-8 under the Securities Act of 1933, as amended, and any successor thereto.

(l) "Fair Market Value" of a share of Common Stock of the Company means, as of the date in question, the officially-quoted closing selling price of the stock (or if no selling price is quoted, the bid price) on the principal securities exchange on which the Common Stock is then listed for trading (including for this purpose the Nasdaq National Market) (the "Market") for the applicable trading day or, if the Common Stock is not then listed or quoted in the Market, the Fair Market Value shall be the fair value of the Common Stock determined in good faith by the Board; provided, however, that when shares received upon exercise of an option are immediately sold in the open market, the net sale price received may be used to determine the Fair Market Value of any shares used to pay the exercise price or applicable withholding taxes and to compute the withholding taxes.

(m) "Incentive Stock Option" means an option conforming to the requirements of Section 422 of the Code and any successor thereto.

(n) "Non-Employee Director" has the meaning given to such term in Rule 16b-3 under the Exchange Act and any successor thereto.

(o) "Non-qualified Stock Option" means any stock option other than an Incentive Stock Option.

(p) "Other Company Securities" mean securities of the Company other than Common Stock, which may include, without limitation, unbundled stock units or components thereof, debentures, preferred stock, warrants and securities convertible into or exchangeable for Common Stock or other property.

(q) "Retirement" means retirement as defined under any Company pension plan or retirement program or termination of one's employment on retirement with the approval of the Committee.

(r) "Subsidiary" means a corporation or other entity of which outstanding shares or ownership interests representing 50% or more of the combined voting power of such corporation or other entity entitled to elect the management thereof, or such lesser percentage as may be approved by the Committee, are owned directly or indirectly by the Company.

3. Administration.

The Plan shall be administered by the Committee; provided that the Board may, in its discretion, at any time and from time to time, resolve to administer the Plan, in which case the term "Committee" shall be deemed to mean the Board for all purposes herein. Subject to the

provisions of the Plan, the Committee shall be authorized to (i) select persons to participate in the Plan, (ii) determine the form and substance of grants made under the Plan to each participant, and the conditions and restrictions, if any, subject to which such grants will be made, (iii) certify that the conditions and restrictions applicable to any grant have been met, (iv) modify the terms of grants made under the Plan, (v) interpret the Plan and grants made thereunder, (vi) make any adjustments necessary or desirable in connection with grants made under the Plan to eligible participants located outside the United States and (vii) adopt, amend, or rescind such rules and regulations, and make such other determinations, for carrying out the Plan as it may deem appropriate. Decisions of the Committee on all matters relating to the Plan shall be in the Committee's sole discretion and shall be conclusive and binding on all parties. The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with applicable federal and state laws and rules and regulations promulgated pursuant thereto and the rules and regulations of the principal securities exchange on which the Common Stock is then listed for trading. No member of the Committee and no officer of the Company shall be liable for any action taken or omitted to be taken by such member, by any other member of the Committee or by any officer of the Company in connection with the performance of duties under the Plan, except for such person's own willful misconduct or as expressly provided by statute.

The expenses of the Plan shall be borne by the Company. The Plan shall not be required to establish any special or separate fund or make any other segregation of assets to assume the payment of any award under the Plan, and rights to the payment of such awards shall be no greater than the rights of the Company's general creditors.

4. Shares Available for the Plan.

Subject to adjustments as provided in Section 16 hereof, an aggregate of 2,241,275 shares of Common Stock may be issued pursuant to the Plan (collectively, the "Shares"). Such Shares may be in whole or in part authorized and unissued or held by the Company as treasury shares. If any grant under the Plan expires or terminates unexercised, becomes unexercisable or is forfeited as to any Shares, or is tendered or withheld as to any shares in payment of the exercise price of the grant or the taxes payable with respect to the exercise, then such unpurchased, forfeited, tendered or withheld Shares shall thereafter be available for further grants under the Plan.

Without limiting the generality of the foregoing provisions of this Section 4 or the generality of the provisions of Sections 3, 6 or 17 or any other section of this Plan, the Committee may, at any time or from time to time, and on such terms and conditions (that are consistent with and not in contravention of the other provisions of this Plan) as the Committee may, in its sole discretion, determine, enter into agreements (or take other actions with respect to the options) for new options containing terms (including exercise prices) more (or less) favorable than the outstanding options.

5. Participation.

Participation in the Plan shall be limited to those directors (including Non-Employee Directors), officers (including non-employee officers) and employees of, and other individuals performing services for, the Company and its Subsidiaries selected by the Committee (including participants located outside the United States). Nothing in the Plan or in any grant thereunder shall confer any right on a participant to continue in the service or employ as a director or officer of or in the performance of services for the Company or a Subsidiary or shall interfere in any way with the right of the Company or a Subsidiary to terminate the employment or performance of services or to reduce the compensation or responsibilities of a participant at any time. By accepting any award under the Plan, each participant and each person claiming under or through him or her shall be conclusively deemed to have indicated his or her acceptance and ratification of, and consent to, any action taken under the Plan by the Company, the Board or the Committee.

Incentive Stock Options or Non-qualified Stock Options, restricted stock awards, restricted stock unit or deferred stock unit awards, performance awards, or any combination thereof, may be granted to such persons and for such number of Shares as the Committee shall determine (such individuals to whom grants are made being sometimes herein called "optionees" or "grantees," as the case may be). Determinations made by the Committee under the Plan need not be uniform and may be made selectively among eligible individuals under the Plan, whether or not such individuals are similarly situated. A grant of any type made hereunder in any one year to an eligible participant shall neither guarantee nor preclude a further grant of that or any other type to such participant in that year or subsequent years.

6. Incentive and Non-qualified Options.

The Committee may from time to time grant to eligible participants Incentive Stock Options, Non-qualified Stock Options, or any combination thereof; provided that the Committee may grant Incentive Stock Options only to eligible employees of the Company or its subsidiaries (as defined for this purpose in Section 424(f) of the Code or any successor thereto). In any one calendar year, the Committee shall not grant to any one participant options to purchase a number of shares of Common Stock in excess of 1,120,637 (as adjusted pursuant to Section 15 hereof). The options granted shall take such form as the Committee shall determine, subject to the following terms and conditions.

It is the Company's intent that Non-qualified Stock Options granted under the Plan not be classified as Incentive Stock Options, that Incentive Stock Options be consistent with and contain or be deemed to contain all provisions required under Section 422 of the Code and any successor thereto, and that any ambiguities in construction be interpreted in order to effectuate such intent. If an Incentive Stock Option granted under the Plan does not qualify as such for any reason, then to the extent of such non-qualification, the stock option represented thereby shall be regarded as a Non-qualified Stock Option duly granted under the Plan, provided that such stock option otherwise meets the Plan's requirements for Non-qualified Stock Options.

(a) Price. The price per Share deliverable upon the exercise of each option ("exercise price") may not be less than 100% of the Fair Market Value of a share of Common Stock as of the date of grant of the option, and in the case of the grant of any Incentive Stock Option to an employee who, at the time of the grant, owns more than 10% of the total combined voting power of all classes of stock of the Company or any of its Subsidiaries, the exercise price may not be less than 110% of the Fair Market Value of a share of Common Stock as of the date of grant of the option, in each case unless otherwise permitted by Section 409A and Section 422 of the Code or any successor thereto.

(b) Payment. Options may be exercised, in whole or in part, upon payment of the exercise price of the Shares to be acquired. Unless otherwise determined by the Committee, payment shall be made (i) in cash (including check, bank draft, money order or wire transfer of immediately available funds), (ii) by delivery of outstanding shares of Common Stock with a Fair Market Value on the date of exercise equal to the aggregate exercise price payable with respect to the options' exercise, (iii) by simultaneous sale through a broker reasonably acceptable to the Committee of Shares acquired on exercise, as permitted under Regulation T of the Federal Reserve Board or (iv) by any combination of the foregoing.

In the event a grantee elects to pay the exercise price payable with respect to an option pursuant to clause (ii) above, (A) only a whole number of share(s) of Common Stock (and not fractional shares of Common Stock) may be tendered in payment, (B) such grantee must present evidence acceptable to the Company that he or she has owned any such shares of Common Stock tendered in payment of the exercise price (and that such tendered shares of Common Stock have not been subject to any substantial risk of forfeiture) for at least six months prior to the date of exercise, and (C) Common Stock must be delivered to the Company. Delivery for this purpose may, at the election of the grantee, be made either by (1) physical delivery of the certificate(s) for all such shares of Common Stock tendered in payment of the price, accompanied by duly executed instruments of transfer in a form acceptable to the Company, or (2) direction to the grantee's broker to transfer, by book entry, such shares of Common Stock from a brokerage account of the grantee to a brokerage account specified by the Company. When payment of the exercise price is made by delivery of Common Stock, the difference, if any, between the aggregate exercise price payable with respect to the option being exercised and the Fair Market Value of the shares of Common Stock tendered in payment (plus any applicable taxes) shall be paid in cash. No grantee may tender shares of Common Stock having a Fair Market Value exceeding the aggregate exercise price payable with respect to the option being exercised (plus any applicable taxes).

(c) Terms of Options. The term during which each option may be exercised shall be determined by the Committee, but if required by the Code and except as otherwise provided herein, no option shall be exercisable in whole or in part more than ten years from the date it is granted, and no Incentive Stock Option granted to an employee who at the time of the grant owns more than 10% of the total combined voting power of all classes of stock of the Company or any of its Subsidiaries shall be exercisable more than five years from the date it is granted. All rights to purchase Shares pursuant to an option shall, unless sooner terminated, expire at the date designated by the Committee. The Committee shall determine the date on which each option shall become exercisable and may provide that an option shall become

exercisable in installments. The Shares constituting each installment may be purchased in whole or in part at any time after such installment becomes exercisable, subject to such minimum exercise requirements as may be designated by the Committee. Prior to the exercise of an option and delivery of the Shares represented thereby, the optionee shall have no rights as a stockholder with respect to any Shares covered by such outstanding option (including any dividend or voting rights).

(d) Limitations on Grants. If required by the Code, the aggregate Fair Market Value (determined as of the grant date) of Shares for which an Incentive Stock Option is exercisable for the first time during any calendar year under all equity incentive plans of the Company and its Subsidiaries (as defined in Section 422 of the Code or any successor thereto) may not exceed $100,000.

(e) Termination; Forfeiture.

(i) Death or Disability. If a participant ceases to be a director, officer or employee of, or to perform other services for, the Company or any Subsidiary due to death or Disability, a number of options equal to the sum of (i) the number of options that were exercisable on the date of the participant's death or Disability plus (ii) such additional number of options to which the participant would have been entitled had the participant's employment continued for one year following the date of termination, shall become fully vested and exercisable and shall remain so for a period of 180 days from the date of such death or Disability; provided that the participant does not engage in Competition during such 180-day period unless he or she received written consent to do so from the Board or the Committee; provided further that the Board or Committee may extend such exercise period (and related non-competition period) in its discretion, but in no event may such extended exercise period extend beyond the expiration date of the options. Remaining options that were not exercisable on the date of a Participant's death or Disability as set forth in the preceding sentence shall expire and be forfeited. Notwithstanding the foregoing, if the Disability giving rise to the termination of employment is not within the meaning of Section 22(e)(3) of the Code or any successor thereto, Incentive Stock Options not exercised by such participant within 90 days after the date of termination of employment will cease to qualify as Incentive Stock Options and will be treated as Non-qualified Stock Options under the Plan if required to be so treated under the Code.

(ii) Retirement. If a participant ceases to be a director, officer or employee of, or to perform other services for, the Company or any Subsidiary upon the occurrence of his or her Retirement, (A) all of the participant's options that were exercisable on the date of Retirement shall remain exercisable for, and shall otherwise terminate at the end of, a period of 90 days after the date of Retirement, but in no event after the expiration date of the options; provided that the participant does not engage in Competition during such 90 day period unless he or she receives written consent to do so from the Board or the Committee; provided further that the Board or the Committee may extend such exercise period (and related non-competition period) in its discretion, but in no event may such extended exercise period extend beyond the expiration date of the options, and (B) all of the participant's options that were not exercisable on the date of Retirement shall be forfeited immediately upon such Retirement; provided, however, that such options may become fully vested and exercisable in the discretion

of the Committee. Notwithstanding the foregoing, Incentive Stock Options not exercised by such participant within 90 days after Retirement will cease to qualify as Incentive Stock Options and will be treated as Non-qualified Stock Options under the Plan if required to be so treated under the Code.

(iii) Termination for Cause. If a participant ceases to be a director, officer or employee of, or to perform other services for, the Company or a Subsidiary due to Cause, all of the participant's options shall expire and be forfeited on the date the Company or a Subsidiary delivers to the Participant notice of termination of employment for Cause, whether or not then exercisable.

(iv) Other Termination. Unless otherwise determined by the Committee, if a participant ceases to be a director, officer or employee of, or to otherwise perform services for, the Company or a Subsidiary for any reason other than death, Disability, Retirement or discharge for Cause, (A) all of the participant's options that were exercisable on the date of such cessation shall remain exercisable for, and shall otherwise terminate at the end of, a period of 30 days after the date of such cessation, but in no event after the expiration date of the options; provided that the participant does not engage in Competition during such 30-day period unless he or she receives written consent to do so from the Board or the Committee; provided further that the Board or Committee may extend such exercise period (and related non-competition period) in its discretion, but in no event may such extended exercise period extend beyond the expiration date of the options, and (B) all of the participant's options that were not exercisable on the date of such cessation shall be forfeited immediately upon such cessation.

(v) Change in Control. If there is a Change in Control of the Company and a Participant is terminated from being a director, officer or employee of, or from performing other services for, the Company or a Subsidiary within one year after such Change in Control, all of the participant's options shall become fully vested and exercisable upon such termination and shall remain so for up to one year after the date of termination, but in no event after the expiration date of the options. In addition, the Committee shall have the authority to grant options that become fully vested and exercisable automatically upon a Change in Control, whether or not the grantee is subsequently terminated.

(f) Grant of Reload Options. The Committee may provide (either at the time of grant or exercise of an option), in its discretion, for the grant to a grantee who exercises all or any portion of an option ("Exercised Options") and who pays all or part of such exercise price with shares of Common Stock, of an additional option (a "Reload Option") for a number of shares of Common Stock equal to the sum (the "Reload Number") of the number of shares of Common Stock tendered for the Exercised Options plus, if so provided by the Committee, the number of shares of Common Stock, if any, tendered by the grantee in connection with the exercise of the Exercised Options to satisfy any federal, state or local tax withholding requirements. The terms of each Reload Option, including the date of its expiration and the terms and conditions of its exercisability and transferability, shall be the same as the terms of the Exercised Option to which it relates, except that (i) the grant date for each Reload Option shall be the date of exercise of the Exercised Option to which it relates and (ii) the exercise price for each

Reload Option shall be the Fair Market Value of the Common Stock on the grant date of the Reload Option.

7. Restricted Stock.

The Committee may at any time and from time to time grant Shares of restricted stock under the Plan to such participants and in such amounts as it determines. Each grant of Shares of restricted stock shall specify the applicable restrictions on such Shares, the duration of such restrictions (which shall be at least six months except as otherwise determined by the Committee or provided in the third paragraph of this Section 7), and the time or times at which such restrictions shall lapse with respect to all or a specified number of Shares that are part of the grant.

The participant will be required to pay the Company the aggregate par value of any Shares of restricted stock (or such larger amount as the Board may determine to constitute capital under Section 154 of the Delaware General Corporation Law, as amended, or any successor thereto) within ten days of the date of grant, unless such Shares of restricted stock are treasury shares. Unless otherwise determined by the Committee, certificates representing Shares of restricted stock granted under the Plan will be held in escrow by the Company on the participant's behalf during any period of restriction thereon and will bear an appropriate legend specifying the applicable restrictions thereon, and the participant will be required to execute a blank stock power therefor. Except as otherwise provided by the Committee, during such period of restriction the participant shall have all of the rights of a holder of Common Stock, including but not limited to the rights to receive dividends and to vote, and any stock or other securities received as a distribution with respect to such participant's restricted stock shall be subject to the same restrictions as then in effect for the restricted stock.

Except as otherwise provided by the Committee, if a participant ceases to be a director, officer or employee of, or to otherwise perform services for, the Company and its Subsidiaries due to death or Disability during any period of restriction, a number of shares of restricted stock equal to the sum of (i) the number of shares of restricted stock for which the restrictions have lapsed plus (ii) the number of shares of restricted stock for which the restrictions will have lapsed within one year following the date of termination. At such time as a participant ceases to be a director, officer or employee of, or otherwise performing services for, the Company or its Subsidiaries for any other reason, all Shares of restricted stock granted to such participant on which the restrictions have not lapsed shall be immediately forfeited to the Company.

If there is a Change in Control of the Company and a participant is terminated from being a director, officer or employee of, or from performing other services for, the Company or a subsidiary within one year after such Change in Control, all restrictions on Shares of restricted stock granted to such participant shall lapse. In addition, the Committee shall have the authority to grant shares of restricted stock with respect to which all restrictions shall lapse automatically upon a Change in Control, whether or not the grantee is subsequently terminated.

8. Restricted Stock Units; Deferred Stock Units.

The Committee may at any time and from time to time grant restricted stock units under the Plan to such participants and in such amounts as it determines. Each grant of restricted stock units shall specify the applicable restrictions on such units, the duration of such restrictions (which shall be at least six months except as otherwise determined by the Committee or provided in the third paragraph of this Section 8), and the time or times at which such restrictions shall lapse with respect to all or a specified number of units that are part of the grant.

Each restricted stock unit shall be equivalent in value to one share of Common Stock and shall entitle the participant to receive from the Company at the end of the vesting period (the "Vesting Period") applicable to such unit one Share, unless the participant elects in a timely fashion to defer the receipt of such Shares, as provided below. Restricted stock units may be granted without payment of cash or consideration to the Company; provided that participants shall be required to pay to the Company the aggregate par value of the Shares received from the Company within ten days of the issuance of such Shares unless such Shares are treasury shares.

Except as otherwise provided by the Committee, during the restriction period the participant shall not have any rights as a shareholder of the Company; provided that the participant shall have the right to receive accumulated dividends or distributions with respect to the corresponding number of shares of Common Stock underlying each restricted stock unit at the end of the Vesting Period, unless such restricted stock units are converted into deferred stock units, in which case such accumulated dividends or distributions shall be paid by the Company to the participant at such time as the deferred stock units are converted into Shares.

Except as otherwise provided by the Committee, if a participant ceases to be a director, officer or employee of, or to otherwise perform services for, the Company or any Subsidiary due to death, Disability or Retirement during any period of restriction, all restrictions on restricted stock units granted to such participant shall lapse. At such time as a participant ceases to be a director, officer or employee of, or otherwise performing services for, the Company or any Subsidiary for any other reason, all restricted stock units granted to such participant on which the restrictions have not lapsed shall be immediately forfeited to the Company.

If there is a Change in Control of the Company and a participant is terminated from being a director, officer or employee of, or from performing other services for, the Company or any Subsidiary within one year after such Change in Control, all restrictions on restricted stock units granted to such participant shall lapse. In addition, the Committee shall have the authority to grant restricted stock units with respect to which all restrictions shall lapse automatically upon a Change in Control, whether or not the grantee is subsequently terminated.

A participant may elect by written notice to the Company, which notice must be made before the later of (i) the close of the tax year preceding the year in which the restricted stock units are granted or (ii) 30 days of first becoming eligible to participate in the Plan (or, if earlier, the last day of the tax year in which the participant first becomes eligible to participate in the plan) and on or prior to the date the restricted stock units are granted, to defer the receipt of

all or a portion of the Shares due with respect to the vesting of such restricted stock units; provided that the Committee may impose such additional restrictions with respect to the time at which a participant may elect to defer receipt of Shares subject to the deferral election, and any other terms with respect to a grant of restricted stock units to the extent the Committee deems necessary to enable the participant to defer recognition of income with respect to such units until the Shares underlying such units are issued or distributed to the participant. Upon such deferral, the restricted stock units so deferred shall be converted into deferred stock units. Except as provided below, delivery of Shares with respect to deferred stock units shall be made at the end of the deferral period set forth in the participant's deferral election notice (the "Deferral Period"). Deferral Periods shall be no less than one year after the vesting date of the applicable restricted stock units.

Except as otherwise provided by the Committee, during such Deferral Period the participant shall not have any rights as a shareholder of the Company; provided that, the participant shall have the right to receive accumulated dividends or distributions with respect to the corresponding number of shares of Common Stock underlying each deferred stock unit at the end of the Deferral Period when such deferred stock units are converted into Shares.

Except as otherwise provided by the Committee, if a Participant ceases to be a director, officer or employee of, or to otherwise perform services for, the Company or any Subsidiary upon his or her death prior to the end of the Deferral Period, the participant shall receive payment in Shares in respect of such participant's deferred stock units which would have matured or been earned at the end of such Deferral Period as if the applicable Deferral Period had ended as of the date of such participant's death.

Except as otherwise provided by the Committee, if a participant ceases to be a director, officer or employee of, or to otherwise perform services for, the Company or any Subsidiary due to a Disability or upon Retirement or for any other reason except termination for Cause prior to the end of the Deferral Period, the participant shall receive payment in Shares in respect of such participant's deferred stock units at the end of the applicable Deferral Period or on such accelerated basis as the Committee may determine, to the extent permitted by regulations issued under Section 409A(a)(3) of the Code. Provided, however, in the case of any "specified employee" as defined in Section 409A of the Code, distributions to such person, as a result of a Retirement or other reason other than for cause, may not be made earlier than a date which is (A) 6 months following the date of separation from service or (B) such participant's death.

Except as otherwise provided by the Committee, if a participant ceases to be a director, officer or employee of, or to otherwise perform services for, the Company or any Subsidiary due to termination for Cause such participant shall immediately forfeit any deferred stock units which would have matured or been earned at the end of the applicable Deferral Period.

Except as otherwise provided by the Committee, in the event of a Change in Control that also constitutes a "change in the ownership or effective control of" the Company, or a change in the ownership of a substantial portion of the Company's assets (in each case as determined under regulations issued pursuant to Section 409A(a)(2)(A)(v) of the Code), a

participant shall receive payment in Shares in respect of such participant's deferred stock units which would have matured or been earned at the end of the applicable Deferral Period as if such Deferral Period had ended immediately prior to the Change in Control; provided, however, that if an event that constitutes a Change in Control hereunder does not constitute a "change in control" under Section 409A of the Code (or the regulations promulgated thereunder), no payments with respect to the deferred stock units shall be made under this paragraph to the extent such payments would constitute an impermissible acceleration under Section 409A of the Code.

9. Performance Awards.

Performance awards may be granted to participants at any time and from time to time as determined by the Committee. The Committee shall have complete discretion in determining the size and composition of performance awards granted to a participant. The period over which performance is to be measured (a "performance cycle") shall commence on the date specified by the Committee and shall end on the last day of a fiscal year specified by the Committee. A performance award shall be paid no later than the 15th day of the third month following the completion of a performance cycle. Performance awards may include (i) specific dollar-value target awards (ii) performance units, the value of each such unit being determined by the Committee at the time of issuance, and/or (iii) performance Shares, the value of each such Share being equal to the Fair Market Value of a share of Common Stock.

The value of each performance award may be fixed or it may be permitted to fluctuate based on a performance factor (e.g., return on equity) selected by the Committee.

The Committee shall establish performance goals and objectives for each performance cycle on the basis of such criteria and objectives as the Committee may select from time to time, including, without limitation, the performance of the participant, the Company, one or more of its Subsidiaries or divisions or any combination of the foregoing. During any performance cycle, the Committee shall have the authority to adjust the performance goals and objectives for such cycle for such reasons as it deems equitable.

The Committee shall determine the portion of each performance award that is earned by a participant on the basis of the Company's performance over the performance cycle in relation to the performance goals for such cycle. The earned portion of a performance award may be paid out in Shares, cash, Other Company Securities, or any combination thereof, as the Committee may determine.

A participant must be a director, officer or employee of, or otherwise perform services for, the Company or its Subsidiaries at the end of the performance cycle in order to be entitled to payment of a performance award issued in respect of such cycle; provided, however, that except as otherwise determined by the Committee, if a participant ceases to be a director, officer or employee of, or to otherwise perform services for, the Company and its Subsidiaries upon his or her death, Disability or Retirement prior to the end of the performance cycle, the participant shall earn a proportionate portion of the performance award based upon the elapsed portion of the performance cycle and the Company's performance over that portion of such cycle.

In the event of a Change in Control, a participant shall earn no less than the portion of the performance award that the participant would have earned if the applicable performance cycle(s) had terminated as of the date of the Change in Control.

10. Withholding Taxes.

(a) *Participant Election*. Unless otherwise determined by the Committee, a participant may elect to deliver shares of Common Stock (or have the Company withhold shares acquired upon exercise of an option or deliverable upon grant or vesting of restricted stock, as the case may be) to satisfy, in whole or in part, the amount the Company is required to withhold for taxes in connection with the exercise of an option or the delivery of restricted stock upon grant or vesting, as the case may be. Such election must be made on or before the date the amount of tax to be withheld is determined. Once made, the election shall be irrevocable. The fair market value of the shares to be withheld or delivered will be the Fair Market Value as of the date the amount of tax to be withheld is determined. In the event a participant elects to deliver or have the Company withhold shares of Common Stock pursuant to this Section 10(a), such delivery or withholding must be made subject to the conditions and pursuant to the procedures set forth in Section 6(b) with respect to the delivery or withholding of Common Stock in payment of the exercise price of options.

(b) *Company Requirement*. The Company may require, as a condition to any grant or exercise under the Plan or to the delivery of certificates for Shares issued hereunder, that the grantee make provision for the payment to the Company, either pursuant to Section 10(a) or this Section 10(b), of federal, state or local taxes of any kind required by law to be withheld with respect to any grant or delivery of Shares. The Company, to the extent permitted or required by law, shall have the right to deduct from any payment of any kind (including salary or bonus) otherwise due to a grantee, an amount equal to any federal, state or local taxes of any kind required by law to be withheld with respect to any grant or delivery of Shares under the Plan.

11. Written Agreement; Vesting.

Unless the Committee determines otherwise, each employee to whom a grant is made under the Plan shall enter into a written agreement with the Company that shall contain such provisions, including without limitation vesting requirements, consistent with the provisions of the Plan, as may be approved by the Committee. Unless the Committee determines otherwise and except as otherwise provided in Sections 6, 7, 8 and 9 in connection with a Change in Control or certain occurrences of termination, no grant under this Plan may be exercised, and no restrictions relating thereto may lapse, within six months of the date such grant is made.

12. Transferability.

Unless the Committee determines otherwise, no award granted under the Plan shall be transferable by a participant other than by will or the laws of descent and distribution or to a participant's Family Member by gift or a qualified domestic relations order as defined by the Code. Unless the Committee determines otherwise, an option may be exercised only by the optionee or grantee thereof; by his or her Family Member if such person has acquired the option

by gift or qualified domestic relations order; by the executor or administrator of the estate of any of the foregoing or any person to whom the option is transferred by will or the laws of descent and distribution; or by the guardian or legal representative of any of the foregoing; provided that Incentive Stock Options may be exercised by any Family Member, guardian or legal representative only if permitted by the Code and any regulations thereunder. All provisions of this Plan shall in any event continue to apply to any award granted under the Plan and transferred as permitted by this Section 12, and any transferee of any such award shall be bound by all provisions of this Plan as and to the same extent as the applicable original grantee.

13. Listing, Registration and Qualification.

If the Committee determines that the listing, registration or qualification upon any securities exchange or under any law of Shares subject to any option, performance award, restricted stock unit, deferred stock unit or restricted stock grant is necessary or desirable as a condition of, or in connection with, the granting of same or the issue or purchase of Shares thereunder, no such option may be exercised in whole or in part, no such performance award may be paid out, and no Shares may be issued, unless such listing, registration or qualification is effected free of any conditions not acceptable to the Committee.

14. Transfer of Employee.

The transfer of an employee from the Company to a Subsidiary, from a Subsidiary to the Company, or from one Subsidiary to another shall not be considered a termination of employment; nor shall it be considered a termination of employment if an employee is placed on military or sick leave or such other leave of absence which is considered by the Committee as continuing intact the employment relationship.

15. Adjustments.

In the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, distribution of assets, or any other change in the corporate structure or shares of the Company, the Committee shall make such adjustment as it deems appropriate in the number and kind of Shares or other property available for issuance under the Plan (including, without limitation, the total number of Shares available for issuance under the Plan pursuant to Section 4), in the number and kind of options, Shares, restricted stock units, deferred stock units or other property covered by grants previously made under the Plan, and in the exercise price of outstanding options. Any such adjustment shall be final, conclusive and binding for all purposes of the Plan. In the event of any merger, consolidation or other reorganization in which the Company is not the surviving or continuing corporation or in which a Change in Control is to occur, all of the Company's obligations regarding awards that were granted hereunder and that are outstanding on the date of such event shall, on such terms as may be approved by the Committee prior to such event, be (a) canceled in exchange for cash or other property (but, with respect to vested deferred stock units, only if such merger, consolidation, other reorganization, or Change in Control constitutes a "change in ownership or control" of the Company or a "change in the ownership of a substantial portion" of the Company's assets, as

determined pursuant to regulations issued under Section 409A(a)(2)(A)(v) of the Code) or (b) assumed by the surviving or continuing corporation.

Without limitation of the foregoing, in connection with any transaction of the type specified by clause (iii) of the definition of a Change in Control in Section 2(c), the Committee may, in its discretion, (i) cancel any or all outstanding options under the Plan in consideration for payment to the holders thereof of an amount equal to the portion of the consideration that would have been payable to such holders pursuant to such transaction if their options had been fully exercised immediately prior to such transaction, less the aggregate exercise price that would have been payable therefor, or (ii) if the amount that would have been payable to the option holders pursuant to such transaction if their options had been fully exercised immediately prior thereto would be equal to or less than the aggregate exercise price that would have been payable therefor, cancel any or all such options for no consideration or payment of any kind. Payment of any amount payable pursuant to the preceding sentence may be made in cash or, in the event that the consideration to be received in such transaction includes securities or other property, in cash and/or securities or other property in the Committee's discretion.

16. Amendment and Termination of the Plan.

The Board of Directors or the Committee, without approval of the stockholders, may amend or terminate the Plan, except that no amendment shall become effective without prior approval of the stockholders of the Company if stockholder approval would be required by applicable law or regulations or by any listing requirement of the principal stock exchange on which the Common Stock is then listed.

17. Amendment or Substitution of Awards under the Plan.

The terms of any outstanding award under the Plan may be amended from time to time by the Committee in its discretion in any manner that it deems appropriate, including, but not limited to, acceleration of the date of exercise of any award and/or payments thereunder or of the date of lapse of restrictions on Shares (but only to the extent permitted by regulations issued under Section 409A(a)(3) of the Code); provided that, except as otherwise provided in Section 15, no such amendment shall adversely affect in a material manner any right of a participant under the award without his or her written consent, and provided further that the Committee shall not reduce the exercise price of any options awarded under the Plan without approval of the stockholders of the Company. The Committee may, in its discretion, permit holders of awards under the Plan to surrender outstanding awards in order to exercise or realize rights under other awards, or in exchange for the grant of new awards, or require holders of awards to surrender outstanding awards as a condition precedent to the grant of new awards under the Plan, but only if such surrender, exercise, realization, exchange, or grant (a) would not constitute a distribution of deferred compensation for purposes of Section 409A(a)(3) of the Code or (b) constitutes a distribution of deferred compensation that is permitted under regulations issued pursuant to Section 409A(a)(3) of the Code.

18. Commencement Date; Termination Date.

The date of commencement of the Plan shall be the date on which the Company's Registration Statement on Form S-1 (File No. 333-124285) is declared effective by the Securities and Exchange Commission.

Unless previously terminated upon the adoption of a resolution of the Board terminating the Plan, the Plan shall terminate at the close of business on the ten year anniversary of the date of commencement. No termination of the Plan shall materially and adversely affect any of the rights or obligations of any person, without his or her written consent, under any grant of options or other incentives theretofore granted under the Plan.

19. Severability. Whenever possible, each provision of the Plan shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of the Plan is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of the Plan.

20. Governing Law. The Plan shall be governed by the corporate laws of the State of Delaware, without giving effect to any choice of law provisions that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

EXHIBIT 23.1

When the transaction referred to in paragraph one of Note 18 of the Notes to Consolidated Financial Statements has been consummated, we will be in a position to render the following consent.

/s/ KPMG LLP

Consent of Independent Registered Public Accounting Firm

The Board of Directors of
Ruth's Chris Steak House, Inc.:

We consent to the use of our report dated April 22, 2005, except as to paragraph one of Note 18, which is as of , with respect to the consolidated balance sheets of Ruth's Chris Steak House, Inc. as of December 28, 2003 and December 26, 2004, and the related consolidated income statements, statements of shareholders' deficit and cash flows for each of the years in the three-year period ended December 26, 2004 and the related financial statement schedule, included herein and to the reference to our firm under the headings "Experts" and "Selected Financial Data" in the registration statement and related prospectus.

As discussed in Note 2 to the Consolidated Financial Statements, the Company adopted the provisions of Statement of Financial Accounting Standards No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity", in 2003.

New Orleans, Louisiana