SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2013-01-11** | Period of Report: **2012-12-04**
SEC Accession No. 0000068270-13-000006

(HTML Version on secdatabase.com)

FILER

RUBY TUESDAY INC

CIK:**68270**| IRS No.: **630475239** | State of Incorp.:**GA** | Fiscal Year End: **1007**
Type: **10-Q** | Act: **34** | File No.: **001-12454** | Film No.: **13525501**
SIC: **5812** Eating places

Mailing Address
150 W CHURCH ST
MARYVILLE TN 37801

Business Address
150 W CHURCH ST
MARYVILLE TN 37801
2053443000

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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended: **December 4, 2012**

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __________ to _________

Commission file number 1-12454

RUBY TUESDAY, INC.

(Exact name of registrant as specified in its charter)

GEORGIA	**63-0475239**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

150 West Church Avenue, Maryville, Tennessee 37801
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(865) 379-5700**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

61,695,565

(Number of shares of common stock, $0.01 par value, outstanding as of January 8, 2013)

RubyTuesday

RUBY TUESDAY, INC.

INDEX

Special Note Regarding Forward-Looking Information

This Quarterly Report on Form 10-Q contains various forward-looking statements, which represent our expectations or beliefs concerning future events, including one or more of the following: future financial performance and restaurant growth (both Company-owned and franchised), future capital expenditures, future borrowings and repayments of debt, availability of financing on terms attractive to the Company, payment of dividends, stock and bond repurchases, restaurant acquisitions, conversions of Company-owned restaurants to other dining concepts, and changes in senior management and in the Board of Directors. We caution the reader that a number of important factors and uncertainties could, individually or in the aggregate, cause our actual results to differ materially from those included in the forward-looking statements (such statements include, but are not limited to, statements relating to cost savings that we estimate may result from any programs we implement, our estimates of future capital spending and free cash flow, our targets for annual growth in same-restaurant sales and average annual sales per restaurant, and the benefits of our television marketing), including, without limitation, the following:

- general economic conditions;
- changes in promotional, couponing and advertising strategies;
- changes in our guests' disposable income;
- consumer spending trends and habits;
- increased competition in the restaurant market;
- laws and regulations affecting labor and employee benefit costs, including further potential increases in state and federally mandated minimum wages, and healthcare reform;
- guests' acceptance of changes in menu items;
- guests' acceptance of our development prototypes and remodeled restaurants;
- our ability to successfully integrate acquired companies;
- mall-traffic trends;
- changes in the availability and cost of capital;
- weather conditions in the regions in which Company-owned and franchised restaurants are operated;
- costs and availability of food and beverage inventory;
- our ability to attract and retain qualified managers, franchisees and team members;
- impact of adoption of new accounting standards;
- impact of food-borne illnesses resulting from an outbreak at either one of our restaurant concepts or other competing restaurant concepts;
- our ability to complete our planned sale-leaseback transactions;
- effects of actual or threatened future terrorist attacks in the United States; and
- significant fluctuations in energy prices.

PART I — FINANCIAL INFORMATION
ITEM 1.

RUBY TUESDAY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS EXCEPT PER-SHARE DATA)

(UNAUDITED)

	DECEMBER 4, 2012	JUNE 5, 2012
Assets		(NOTE A)
Current assets:		
Cash and cash equivalents	$ 25,594	$ 48,184
Accounts receivable	6,772	4,700
Inventories:		
Merchandise	30,096	19,918
China, silver and supplies	9,249	9,112
Income tax receivable	1,822	837
Deferred income taxes	30,074	27,134
Prepaid rent and other expenses	12,815	13,670
Assets held for sale	4,178	4,713
Total current assets	120,600	128,268
Property and equipment, net	910,898	966,605
Goodwill	9,022	7,989
Other assets	68,620	70,675
Total assets	$ 1,109,140	$ 1,173,537
Liabilities & Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 28,641	$ 34,948
Accrued liabilities:		
Taxes, other than income and payroll	12,049	14,475
Payroll and related costs	30,853	32,546
Insurance	7,702	7,433
Deferred revenue – gift cards	13,502	8,758
Rent and other	20,700	21,610
Current portion of long-term debt, including capital leases	9,988	12,454
Total current liabilities	123,435	132,224
Long-term debt and capital leases, less current maturities	298,709	314,209
Deferred income taxes	19,858	37,567
Deferred escalating minimum rent	46,465	45,259
Other deferred liabilities	74,752	68,054
Total liabilities	563,219	597,313
Commitments and contingencies (Note L)		
Shareholders' equity:		
Common stock, $0.01 par value; (authorized: 100,000 shares; issued: 62,095 shares at 12/04/12; 64,038 shares at 6/05/12)	621	640
Capital in excess of par value	72,281	90,856
Retained earnings	486,516	498,985

Deferred compensation liability payable in		
Company stock	1,063	1,008
Company stock held by Deferred Compensation Plan	(1,063)	(1,008)
Accumulated other comprehensive loss	(13,497)	(14,257)
Total shareholders' equity	545,921	576,224
Total liabilities & shareholders' equity	$ 1,109,140	$ 1,173,537

The accompanying notes are an integral part of the condensed consolidated financial statements.

Index

RUBY TUESDAY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE (LOSS)/INCOME
(IN THOUSANDS EXCEPT PER-SHARE DATA)

(UNAUDITED)

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	DECEMBER 4, 2012	NOVEMBER 29, 2011	DECEMBER 4, 2012	NOVEMBER 29, 2011
	(NOTE A)		(NOTE A)	
Revenue:				
Restaurant sales and operating revenue	$ 302,753	$ 306,155	$ 634,018	$ 635,009
Franchise revenue	1,480	1,250	3,136	2,741
	304,233	307,405	637,154	637,750
Operating costs and expenses:				
Cost of merchandise	84,297	91,562	173,822	189,137
Payroll and related costs	102,788	105,814	212,022	216,675
Other restaurant operating costs	66,996	64,801	134,152	133,538
Depreciation	15,120	16,414	30,512	32,700
Selling, general and administrative, net	38,958	25,410	82,387	53,797
Closures and impairments	18,251	653	19,375	1,098
Interest expense, net	7,181	4,498	13,971	8,895
Gain on extinguishment of debt	(571)	–	(571)	–
	333,020	309,152	665,670	635,840
(Loss)/income before income taxes	(28,787)	(1,747)	(28,516)	1,910
(Benefit)/provision for income taxes	(13,719)	254	(16,047)	818
Net (loss)/income	$ (15,068)	$ (2,001)	$ (12,469)	$ 1,092
Other comprehensive income:				
Pension liability reclassification, net of tax	380	308	761	616
Total comprehensive (loss)/income	$ (14,688)	$ (1,693)	$ (11,708)	$ 1,708
(Loss)/earnings per share:				
Basic	$ (0.24)	$ (0.03)	$ (0.20)	$ 0.02
Diluted	$ (0.24)	$ (0.03)	$ (0.20)	$ 0.02
Weighted average shares:				
Basic	62,005	62,598	62,409	63,177
Diluted	62,005	62,598	62,409	63,729
Cash dividends declared per share	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of the condensed consolidated financial statements.

Index

RUBY TUESDAY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

(UNAUDITED)

	TWENTY-SIX WEEKS ENDED	
	DECEMBER 4, 2012	NOVEMBER 29, 2011
	(NOTE A)	
Operating activities:		
Net (loss)/income	$ (12,469)	$ 1,092
Adjustments to reconcile net (loss)/income to net cash		
provided by operating activities:		
Depreciation	30,512	32,700
Amortization of intangibles	1,691	1,036
Deferred income taxes	(21,407)	(211)
Loss on impairments, including disposition of assets	18,756	1,028
Share-based compensation expense	1,609	3,528
Excess tax benefits from share-based compensation	(11)	(24)
Amortization of deferred gain on sale-leaseback transactions	(331)	–
Other	490	305
Changes in operating assets and liabilities:		
Receivables	(2,071)	(1,292)
Inventories	(10,315)	(3,929)
Income taxes	(985)	(601)
Prepaid and other assets	91	2,699
Accounts payable, accrued and other liabilities	(4,951)	654
Net cash provided by operating activities	609	36,985
Investing activities:		
Purchases of property and equipment	(18,505)	(20,664)
Proceeds from sale-leaseback transactions, net	30,408	–
Proceeds from disposal of assets	2,085	1,527
Insurance proceeds from property claims	–	1,548
Reductions/(increases) in Deferred Compensation Plan assets	498	(76)
Other, net	(372)	(217)
Net cash provided/(used) by investing activities	14,114	(17,882)
Financing activities:		
Net proceeds from revolving credit facility	–	5,000
Principal payments on other long-term debt	(17,485)	(6,645)
Stock repurchases	(20,012)	(18,441)
Proceeds from exercise of stock options	173	123
Excess tax benefits from share-based compensation	11	24
Net cash used by financing activities	(37,313)	(19,939)
Decrease in cash and cash equivalents	(22,590)	(836)
Cash and cash equivalents:		
Beginning of year	48,184	9,722
End of year	$ 25,594	$ 8,886
Supplemental disclosure of cash flow information:		

Cash paid for:				
Interest, net of amount capitalized	$	12,806	$	8,640
Income taxes, net	$	3,517	$	1,151
Significant non-cash investing and financing activities:				
Retirement of fully depreciated assets	$	38,490	$	5,168
Reclassification of properties to assets held for sale	$	763	$	2,705

The accompanying notes are an integral part of the condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE A – BASIS OF PRESENTATION

Ruby Tuesday, Inc., including its wholly-owned subsidiaries ("RTI," the "Company," "we," and/or "our"), owns and operates Ruby Tuesday®, Lime Fresh Mexican Grill® ("Lime Fresh"), Marlin & Ray's™, and Wok Hay® casual dining restaurants. We also operate Truffles® restaurants pursuant to a license agreement and franchise the Ruby Tuesday, Lime Fresh, and Wok Hay concepts in selected domestic and international markets. The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles ("GAAP") for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring entries) considered necessary for a fair presentation have been included. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Operating results for the 13- and 26-week periods ended December 4, 2012 are not necessarily indicative of results that may be expected for the 52-week year ending June 4, 2013.

The condensed consolidated balance sheet at June 5, 2012 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in RTI's Annual Report on Form 10-K for the fiscal year ended June 5, 2012.

Immaterial Reclassifications and Corrections of Prior Period Condensed Consolidated Statement of Operations and Comprehensive (Loss)/Income

As shown in the tables below, we made the following reclassifications and/or corrections to our Condensed Consolidated Statement of Operations and Comprehensive (Loss)/Income for the 13 and 26 weeks ended November 29, 2011 (in thousands):

- reclassified certain non-restaurant related sales from Restaurant sales and operating revenue to Selling, general, and administrative, net;
- reclassified and/or corrected certain employee fringe benefit and payroll tax expenses for corporate employees and field executives from Payroll and related costs, which is intended to capture payroll and related expenses for restaurant level employees, to Selling, general and administrative, net. Salaries and wages for these employees were already captured within the Selling, general and administrative, net caption;
- reclassified certain expenses not directly related to restaurant operations from Other restaurant operating costs to Selling, general and administrative, net; and
- corrected amortization expense of debt issuance costs and fees relating to our revolving credit facility from Other restaurant operating costs to Interest expense, net.

	As presented - Thirteen weeks ended November 29, 2011	Reclassifications and Corrections	As adjusted - Thirteen weeks ended November 29, 2011
Restaurant sales and operating revenue	$ 306,203	$ (48)	$ 306,155
Payroll and related costs	107,777	(1,963)	105,814
Other restaurant operating costs	65,429	(628)	64,801
Selling, general and administrative, net	23,386	2,024	25,410
Interest expense, net	3,979	519	4,498
Loss before income taxes	(1,747)	0	(1,747)

	As presented - Twenty-six weeks ended November 29, 2011	Reclassifications and Corrections	As adjusted - Twenty-six weeks ended November 29, 2011
Restaurant sales and operating revenue	$ 635,057	$ (48)	$ 635,009
Payroll and related costs	220,764	(4,089)	216,675
Other restaurant operating costs	134,084	(546)	133,538
Selling, general and administrative, net	50,162	3,635	53,797
Interest expense, net	7,943	952	8,895
Income before income taxes	1,910	0	1,910

We made these reclassifications and corrections as we believe that reporting these amounts as shown above will more accurately reflect the nature of the expenses in our Condensed Consolidated Statements of Operations and Comprehensive (Loss)/Income and are necessary to conform to the current period presentation and GAAP. We have determined the reclassifications and corrections made to the prior period Condensed Consolidated Statement of Operations and Comprehensive (Loss)/Income in previous filings to be immaterial.

NOTE B – (LOSS)/EARNINGS PER SHARE AND STOCK REPURCHASES

Basic (loss)/earnings per share is computed by dividing net (loss)/income by the weighted average number of common shares outstanding during each period presented. Diluted (loss)/earnings per share gives effect to stock options and restricted stock outstanding during the applicable periods, if dilutive. The following table reflects the calculation of weighted-average common and dilutive potential common shares outstanding as presented in the accompanying Condensed Consolidated Statements of Operations and Comprehensive (Loss)/ Income (in thousands, except per-share data):

	Thirteen weeks ended		Twenty-six weeks ended	
	December 4, 2012	November 29, 2011	December 4, 2012	November 29, 2011
Net (loss)/income	$ (15,068)	$ (2,001)	$ (12,469)	$ 1,092
Weighted-average common shares outstanding	62,005	62,598	62,409	63,177
Dilutive effect of stock options and restricted stock	–	–	–	552
Weighted average common and dilutive potential common shares outstanding	62,005	62,598	62,409	63,729
Basic (loss)/earnings per share	$ (0.24)	$ (0.03)	$ (0.20)	$ 0.02
Diluted (loss)/earnings per share	$ (0.24)	$ (0.03)	$ (0.20)	$ 0.02

Stock options with an exercise price greater than the average market price of our common stock and certain options with unrecognized compensation expense do not impact the computation of diluted (loss)/earnings per share because the effect would be anti-dilutive. The following table summarizes stock options and restricted shares that did not impact the computation of diluted (loss)/earnings per share because their inclusion would have had an anti-dilutive effect (in thousands):

	Thirteen weeks ended		Twenty-six weeks ended	
	December 4, 2012	November 29, 2011	December 4, 2012	November 29, 2011
Stock options	3,371*	3,404*	3,002*	2,074
Restricted shares	1,647*	1,143*	1,376*	899
Total	5,018	4,547	4,378	2,973

* Due to a net loss for the 13 weeks ended December 4, 2012 and November 29, 2011 as well as for the 26 weeks ended December 4, 2012, all then outstanding share-based awards were excluded from the computation of diluted loss per share.

During the first 26 weeks of fiscal 2013, we repurchased 2.8 million shares of our common stock at a cost of $20.0 million. As of December 4, 2012, the total number of remaining shares authorized by our Board of Directors to be repurchased was 3.1 million. All shares repurchased during the 26 week period were cancelled as of December 4, 2012.

NOTE C – FRANCHISE PROGRAMS

As of December 4, 2012, our domestic and international franchisees collectively operated 77 Ruby Tuesday restaurants and five Lime Fresh restaurants. We do not own any equity interest in our franchisees.

Under the terms of the franchise operating agreements, we charge a royalty fee (generally 4.0% of monthly sales) and require all domestic franchisees to contribute a percentage, currently 2.25%, of monthly gross sales to a national advertising fund formed to cover their pro rata portion of the production and airing costs associated with our national advertising campaign. Under the terms of those agreements, we can charge up to 3.0% of monthly gross sales for this national advertising fund.

Advertising amounts received from domestic franchisees are considered by RTI to be reimbursements, recorded on an accrual basis as earned, and have been netted against selling, general and administrative expenses in the Condensed Consolidated Statements of Operations and Comprehensive (Loss)/Income.

In addition to the royalty and advertising fees discussed above, our franchise agreements allow us to charge up to a 1.5% support service fee and a 1.5% marketing and purchasing fee. For the 13 and 26 weeks ended December 4, 2012 and November 29, 2011, we recorded \$0.1 million and \$0.4 million, respectively in fiscal 2013, and \$0.3 million and \$0.6 million, respectively in fiscal 2012, in support service and marketing and purchasing fees, which were an offset to Selling, general and administrative, net in our Condensed Consolidated Statements of Operations and Comprehensive (Loss)/Income.

NOTE D – ACCOUNTS RECEIVABLE

Accounts receivable – current consist of the following (in thousands):

	December 4, 2012	June 5, 2012
Rebates receivable	$ 832	$ 923
Amounts due from franchisees	770	770
Other receivables	5,170	3,007
	$ 6,772	$ 4,700

We negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of us and our franchise system. We receive various volume discounts and rebates based on purchases for our Company-owned restaurants from numerous suppliers.

Amounts due from franchisees consist of royalties, license and other miscellaneous fees, a substantial portion of which represents current and recently-invoiced billings. Also included in this amount is the current portion of the straight-lined rent receivable from franchise sublessees.

As of December 4, 2012 and June 5, 2012, Other receivables consisted primarily of amounts due for third-party gift card sales (\$2.2 million and \$1.3 million, respectively), a receivable due from a third-party maintenance provider in connection with a contract settlement (\$1.4 million as of December 4, 2012 only), and amounts due from our distributor (\$1.1 million and \$0.9 million, respectively).

On June 20, 2012, RT Midwest Holdings, LLC, RT Chicago Franchise, LLC, RT Midwest Real Estate, LLC, and RT Northern Illinois Franchise, LLC (collectively "RT Midwest"), filed for Chapter 11 protection in the United States Bankruptcy Court for the District of Minnesota. RT Midwest is a franchisee which operated 13 restaurants and had indebtedness of \$2.3 million owed to RTI at the time of the Chapter 11 filing. During the fourth quarter of fiscal 2012, we wrote off the \$2.3 million in franchise fee receivables due from RT Midwest and the associated unearned franchise fees in anticipation of the Chapter 11 filing. See Note H to the Condensed Consolidated Financial Statements for a discussion of closed restaurant lease reserve charges recorded during the first quarter of fiscal 2013 in connection with a subleased restaurant that RT Midwest closed during that quarter.

NOTE E – INVENTORIES

Our merchandise inventory was $30.1 million and $19.9 million as of December 4, 2012 and June 5, 2012, respectively. In order to ensure adequate supply and competitive pricing, we purchase lobster and crab in advance of our needs and store it in third-party facilities prior to our distributor taking possession of the inventory. The increase in merchandise inventory from the end of the prior fiscal year is due primarily to advance purchases of lobster and crab in part to ensure adequate supply.

NOTE F – PROPERTY, EQUIPMENT, ASSETS HELD FOR SALE, OPERATING LEASES, AND SALE-LEASEBACK TRANSACTIONS

Property and equipment, net, is comprised of the following (in thousands):

	December 4, 2012	June 5, 2012
Land	$ 235,522	$ 244,498
Buildings	468,474	494,537
Improvements	408,436	421,143
Restaurant equipment	255,228	276,576
Other equipment	90,916	95,400
Construction in progress and other*	28,906	26,473
	1,487,482	1,558,627
Less accumulated depreciation	576,584	592,022
	$ 910,898	$ 966,605

* Included in Construction in progress and other as of December 4, 2012 and June 5, 2012 are $19.1 million and $21.8 million, respectively, of assets held for sale that are not classified as such in the Condensed Consolidated Balance Sheets as we do not expect to sell these assets within the next 12 months. These assets primarily consist of parcels of land upon which we have no intention to build restaurants.

Included within the current assets section of our Condensed Consolidated Balance Sheets at December 4, 2012 and June 5, 2012 are amounts classified as held for sale totaling $4.2 million and $4.7 million, respectively. Assets held for sale primarily consist of parcels of land upon which we have no intention to build restaurants, land and buildings of closed restaurants, and various liquor licenses. During the 13 and 26 weeks ended December 4, 2012, we sold surplus properties with carrying values of $1.6 million at net gains of $0.5 million for both periods. Cash proceeds, net of broker fees, from these sales during the 13 and 26 weeks ended December 4, 2012 totaled $2.1 million for both periods. During the 13 and 26 weeks ended November 29, 2011, we sold surplus properties with carrying values of $1.5 million for both periods, at net gains that were negligible and $0.1 million, respectively. Cash proceeds, net of broker fees, from these sales during the 13 and 26 weeks ended November 29, 2011 totaled $1.5 million for both periods.

Approximately 55% of our 742 restaurants are located on leased properties. Of these, approximately 66% are land leases only; the other 34% are for both land and building. The initial terms of these leases expire at various dates over the next 24 years. These leases may also contain required increases in minimum rent at varying times during the lease term and have options to extend the terms of the leases at a rate that is included in the original lease agreement. Most of our leases require the payment of additional (contingent) rent that is based upon a percentage of restaurant sales above agreed upon sales levels for the year. These sales levels vary for each restaurant and are established in the lease agreements. We recognize contingent rental expense (in annual as well as interim periods) prior to the achievement of the specified target that triggers the contingent rental expense, provided that achievement of that target is considered probable.

During the 13 and 26 weeks ended December 4, 2012, we completed sale-leaseback transactions of the land and building for five and 14 Company-owned Ruby Tuesday concept restaurants, respectively, for gross cash proceeds of $11.7 million and $32.0 million, respectively, exclusive of transaction costs of approximately $0.6 million and $1.6 million, respectively. Equipment was not included. The carrying value of the properties sold was $8.4 million and $22.7 million, respectively. The leases have been classified as operating leases and have initial terms of 15 years, with fair market value-based renewal options of up to 20 years. Net proceeds from the sale-leaseback transactions were used for general corporate purposes, including the repurchase of shares of our common stock, and debt payments.

We realized gains on these transactions during the 13 and 26 weeks ended December 4, 2012 of $2.7 million and $7.7 million, respectively, which have been deferred and are being recognized on a straight-line basis over the lease term. The current portion of the deferred gains on all sale-leaseback transactions to date was $0.8 million and $0.3 million as of December 4, 2012 and June 5, 2012, respectively, and is included in Accrued liabilities – Rent and other in our Condensed Consolidated Balance Sheets. The long-term portion of the deferred gains on all sale-leaseback transactions to date was $11.1 million and $4.2 million as of December 4, 2012 and June 5, 2012, respectively, and is included in Other deferred liabilities in our Condensed Consolidated Balance Sheets. Amortization of the deferred gains of $0.2 million and $0.3 million is included within Other restaurant operating costs in our Condensed Consolidated Statement of Operations and Comprehensive (Loss)/Income for the 13 and 26 weeks ended December 4, 2012, respectively.

NOTE G – LONG-TERM DEBT AND CAPITAL LEASES

Long-term debt and capital lease obligations consist of the following (in thousands):

	December 4, 2012	June 5, 2012
Senior unsecured notes	$ 238,500	$ 250,000
Unamortized discount	(3,296)	(3,646)
Senior unsecured notes less unamortized discount	235,204	246,354
Mortgage loan obligations	73,305	80,076
Capital lease obligations	188	233
	308,697	326,663
Less current maturities	9,988	12,454
	$ 298,709	$ 314,209

On May 14, 2012, we entered into an indenture (the "Indenture") among the Company, certain subsidiaries of the Company as guarantors and Wells Fargo Bank, National Association as trustee, governing the Company's $250.0 million aggregate principal amount of 7.625% senior notes due 2020 (the "Senior Notes"). The Senior Notes were issued at a discount of $3.7 million, which is being amortized using the effective interest method over the eight year term of the notes.

The Senior Notes are guaranteed on a senior unsecured basis by our existing and future domestic restricted subsidiaries, subject to certain exceptions. They rank equal in right of payment with our existing and future senior indebtedness and senior in right of payment to any of our future subordinated indebtedness. The Senior Notes are effectively subordinated to all of our secured debt, including borrowings outstanding under our revolving credit facility, to the extent of the value of the assets securing such debt and structurally subordinated to all of the liabilities of our existing and future subsidiaries that do not guarantee the Senior Notes.

Interest on the Senior Notes is calculated at 7.625% per annum, payable semiannually on each May 15 and November 15, commencing November 15, 2012, to holders of record on the May 1 or November 1 immediately preceding the interest payment date. Accrued interest on the Senior Notes and our other long-term debt and capital lease obligations is included in Accrued liabilities – Rent and other in our Condensed Consolidated Balance Sheets. The Senior Notes mature on May 15, 2020.

At any time prior to May 15, 2016, we may redeem the Senior Notes, in whole or in part, at a redemption price equal to 100% of the principal amount, plus an applicable "make-whole" premium and accrued and unpaid interest. At any time on or after May 15, 2016, we may redeem the Senior Notes, in whole or in part, at the redemption prices specified in the Indenture plus accrued and unpaid interest. At any time prior to May 15, 2015, we may redeem up to 35% of the Senior Notes from the proceeds of certain equity offerings. There is no sinking fund for the Senior Notes.

The Indenture contains covenants that limit, among other things, our ability and the ability of certain of our subsidiaries to (i) incur or guarantee additional indebtedness; (ii) declare or pay dividends, redeem stock or make other distributions to stockholders; (iii) make certain investments; (iv) create liens or use assets as security in other transactions; (v) merge or consolidate, or sell, transfer, lease or dispose of substantially all of their assets; (vi) enter into transactions with affiliates; and (vii) sell or transfer certain assets. These covenants are subject to a number of important exceptions and qualifications, as described in the Indenture, and certain covenants will not apply at any time when the Senior Notes are rated investment grade by the Rating Agencies, as defined in the Indenture. The Indenture also provides for events of default, which, if any of them occurs, would permit or require the principal, premium, if any, interest and any other monetary obligations on all the then outstanding Senior Notes to be due and payable immediately.

In connection with the issuance of the Senior Notes, we have agreed to register with the SEC notes having substantially identical terms as the Senior Notes, as part of an offer to exchange freely tradable exchange notes for the Senior Notes. We have agreed: (i) within 270 days after the issue date of the Senior Notes, to file a registration statement enabling holders of the Senior Notes to exchange the privately placed notes for publicly registered notes with substantially identical terms; (ii) to use commercially reasonable efforts to cause the registration statement to become effective within 365 days after the issue date of the Senior Notes; (iii) to consummate the exchange offer within 405 days after the issue date of the Senior Notes; and (iv) to file a shelf registration statement for resale of the notes if we cannot consummate the exchange offer within the time period listed above.

If we fail to meet these targets (each, a “registration default”), the annual interest rate on the Senior Notes will increase by 0.25%. The annual interest rate on the Senior Notes will increase by an additional 0.25% for each subsequent 90-day period during which the registration default continues, up to a maximum additional interest rate of 1.0% per year over the otherwise applicable annual interest rate of 7.625%. If we cure the registration default, the interest rate on the Senior Notes will revert to the original level.

On August 10, 2012, we entered into the third amendment to our five-year revolving credit agreement (the “Credit Facility” discussed below) which, among other things, allows us to repurchase up to $15.0 million of the Senior Notes in any fiscal year. During the first 26 weeks of fiscal 2013, we repurchased $11.5 million of the Senior Notes for $10.9 million plus a negligible amount of accrued interest. We realized a gain of $0.6 million on these transactions. The balance on the Senior Notes was $238.5 million at December 4, 2012 as a result of these repurchases. As of December 4, 2012, we may repurchase an additional $3.5 million of the Senior Notes during the remainder of fiscal 2013.

On December 1, 2010, we entered into the Credit Facility, under which we could borrow up to $320.0 million with the option to increase our capacity by $50.0 million to $370.0 million. On May 14, 2012, we entered into the second amendment to our revolving credit facility to, among other things, reduce the maximum aggregate revolving commitment to $200.0 million, secure the revolving credit facility with a lien over the equity interests of certain subsidiaries, modify certain financial covenants and ratios and permit the issuance of the Senior Notes.

The terms of the Credit Facility provide for a $40.0 million letter of credit subcommitment. The Credit Facility also includes a $50.0 million franchise facility subcommitment (the “Franchise Facility Subcommitment”), which covered our previous guarantees of franchise debt. The Franchise Facility Subcommitment matures no later than December 1, 2015. All amounts guaranteed under the Franchise Facility Subcommitment have been settled.

The interest rate charged on borrowings pursuant to the Credit Facility can vary depending on the interest rate option we choose to utilize. Our Base Rate for borrowings is defined to be the higher of Bank of America’s prime rate, the Federal Funds Rate plus 0.5%, or an adjusted LIBO Rate plus 1.00%, plus an applicable margin ranging from 0.25% to 1.50%. The applicable margin for our Eurodollar Borrowings ranges from 1.25% to 2.50% depending on our Total Debt to EBITDAR ratio.

A commitment fee for the account of each lender at a rate ranging from 0.300% to 0.450% (depending on our Total Debt to EBITDAR ratio) on the daily amount of the unused revolving commitment of such lender is payable on the last day of each calendar quarter and on the termination date of the Credit Facility. On the first day after the end of each calendar quarter until the termination date of the Credit Facility, we are required to pay a letter of credit fee for the account of each lender with respect to such lender’s participation in each letter of credit. The letter of credit fee accrues at the applicable margin for Eurodollar Loans then in effect on the average daily amount of such lender’s letter of credit exposure (excluding any portion attributable to unreimbursed letter of credit disbursements) attributable to such letter of credit during the period from and including the date of issuance of such letter of credit to but excluding the date on which such letter of credit expires or is drawn in full. Besides the commitment fee and the letter of credit fee, we are also required to pay a fronting fee on the daily amount of the letter of credit exposure (excluding any portion attributable to unreimbursed letter of credit disbursements) on the tenth day after the end of each calendar quarter until the termination date of the Credit Facility. We must also pay standard fees with respect to issuance, amendment, renewal or extension of any letter of credit or processing of drawings thereunder.

We are entitled to make voluntary prepayments of our borrowings under the Credit Facility at any time, in whole or in part, without premium or penalty. Subject to certain exceptions, mandatory prepayments will be required upon occurrence of certain events, including the revolving credit exposure of all lenders exceeding the aggregate revolving commitment then in effect, sales of certain assets and any additional debt issuances.

Under the terms of the Credit Facility, we had no borrowings outstanding at either December 4, 2012 or June 5, 2012. After consideration of letters of credit outstanding, we had $189.8 million available under the Credit Facility as of December 4, 2012.

The Credit Facility contains a number of customary affirmative and negative covenants that, among others, limit or restrict our ability to incur liens, engage in mergers or other fundamental changes, make acquisitions, investments, loans and advances, pay dividends or other distributions, sell or otherwise dispose of certain assets, engage in certain transactions with affiliates, enter into burdensome agreements or certain hedging agreements, amend organizational documents, change accounting practices, incur additional indebtedness and prepay other indebtedness. In addition, under the Credit Facility, we are required to comply with financial covenants relating to the maintenance of a maximum leverage ratio and a minimum fixed charge coverage ratio and we were in compliance with these financial covenants as of December 4, 2012. The terms of the Credit Facility require us to maintain a maximum leverage ratio of no more than 4.5 to 1.0 through the fiscal quarter ending on or about June 4, 2013 and 4.25 to 1.0 thereafter and a minimum fixed charge coverage ratio of 1.75 to 1.0 through and including the fiscal quarter ending on or about June 3, 2014 and 1.85 to 1.0 thereafter.

The Credit Facility terminates on December 1, 2015. Upon the occurrence of an event of default, the lenders may terminate the loan commitments, accelerate all loans and exercise any of their rights under the Credit Facility and any ancillary loan documents.

Our $73.3 million in mortgage loan obligations as of December 4, 2012 consists of various loans acquired upon franchise acquisitions. These loans, which mature between March 2013 and November 2022, have balances which range from $0.1 million to $8.2 million and interest rates of 3.91% to 11.28%. Many of the properties acquired from franchisees collateralize the loans outstanding.

NOTE H – CLOSURES AND IMPAIRMENTS EXPENSE

As discussed further in Note P to the Condensed Consolidated Financial Statements, in an effort to focus on the successful sales turnaround of our core Ruby Tuesday concept and position our Lime Fresh concept for long-term success as a growth vehicle, on January 9, 2013, the Board of Directors of Ruby Tuesday, Inc. approved management's plan to close all 13 Marlin & Ray's restaurants in the third quarter of fiscal 2013, as well as the Company's one Wok Hay restaurant and two of the Lime Fresh Mexican Grill restaurants. The two Lime Fresh restaurants had been opened by the Company within the last twelve months and were not among those purchased in April 2012. Additionally, the Company will seek a buyer for its two Truffles Café restaurants. As a result of this decision, a pre-tax impairment charge of $16.9 million was recognized within Closures and Impairments Expense for the 13 weeks ended December 4, 2012.

Closures and impairment expenses include the following for the 13 and 26 weeks ended December 4, 2012 and November 29, 2011 (in thousands):

	Thirteen weeks ended		Twenty-six weeks ended	
	December 4, 2012	November 29, 2011	December 4, 2012	November 29, 2011
Property impairments	$ 18,514	$ 630	$ 18,962	$ 836
Closed restaurant lease reserves	(99)	(153)	379	(74)
Other closing costs	343	226	632	416
Gain on sale of surplus properties	(507)	(50)	(598)	(80)
	$ 18,251	$ 653	$ 19,375	$ 1,098

A rollforward of our future lease obligations associated with closed properties is as follows (in thousands):

	Lease Obligations
Balance at June 5, 2012	$ 6,813
Closing expense including rent and other lease charges	379
Payments	(1,581)
Transfer of deferred escalating minimum rent balance	348
Other adjustments	(19)
Balance at December 4, 2012	$ 5,940

For the remainder of fiscal 2013 and beyond, our focus will be on obtaining settlements on as many of these leases as possible and these settlements could be higher or lower than the amounts recorded. The actual amount of any cash payments made by the Company for lease contract termination costs will be dependent upon ongoing negotiations with the landlords of the leased restaurant properties.

Included within closing expense in the table above are $0.2 million in charges we recorded during the first quarter of fiscal 2013 associated with lease obligations on a restaurant subleased to RT Midwest that has closed. As of December 4, 2012, we subleased to RT Midwest three sites upon which the restaurants are still open. Cash rents of $0.8 million are required under the terms of the subleases. Should RT Midwest decide to close any of these restaurants we may incur further lease obligations associated with these subleases.

At December 4, 2012, we had 30 restaurants that had been open more than one year with rolling 12-month negative cash flows, of which 20 have been impaired to salvage value. Of the 10 which remained, we reviewed the plans to improve cash flows at each of the restaurants and determined that no impairment was necessary. The remaining net book value of these 10 restaurants was $7.0 million at December 4, 2012.

Should sales at these restaurants not improve within a reasonable period of time, further impairment charges are possible. Considerable management judgment is necessary to estimate future cash flows, including cash flows from continuing use, terminal value, closure costs, salvage value, and sublease income. Accordingly, actual results could vary significantly from our estimates.

NOTE I – EMPLOYEE POST-EMPLOYMENT BENEFITS

We sponsor three defined benefit pension plans for active employees and offer certain postretirement benefits for retirees. A summary of each of these is presented below.

Retirement Plan

RTI sponsors the Morrison Restaurants Inc. Retirement Plan (the "Retirement Plan"). Effective December 31, 1987, the Retirement Plan was amended so that no additional benefits would accrue and no new participants may enter the Retirement Plan after that date. Participants receive benefits based upon salary and length of service.

Minimum funding for the Retirement Plan is determined in accordance with the guidelines set forth in employee benefit and tax laws. From time to time we may contribute additional amounts as we deem appropriate. We estimate that we will be required to make contributions totaling $0.4 million to the Retirement Plan during the remainder of fiscal 2013.

Executive Supplemental Pension Plan and Management Retirement Plan

Under these unfunded defined benefit pension plans, eligible employees earn supplemental retirement income based upon salary and length of service, reduced by social security benefits and amounts otherwise receivable under other specified Company retirement plans. Effective June 1, 2001, the Management Retirement Plan was amended so that no additional benefits would accrue and no new participants may enter the plan after that date.

On November 30, 2012, Samuel E. Beall, III, our Chief Executive Officer stepped down from management and the Board of Directors. Because he is entitled to receive his entire pension payment in a lump-sum six months following his retirement, we have classified an amount representing that pension payment ($8.1 million) into Accrued liabilities – Payroll and related costs in our December 4, 2012 and June 5, 2012 Condensed Consolidated Balance Sheets.

Postretirement Medical and Life Benefits
Our Postretirement Medical and Life Benefits plans provide medical and life insurance benefits to certain retirees. The medical plan requires retiree cost sharing provisions that are more substantial for employees who retire after January 1, 1990.

The following tables detail the components of net periodic benefit costs and the amounts recognized in our Condensed Consolidated Financial Statements for the Retirement Plan, Management Retirement Plan, and the Executive Supplemental Pension Plan (collectively, the "Pension Plans") and the Postretirement Medical and Life Benefits plans (in thousands):

	Pension Benefits			
	Thirteen weeks ended		Twenty-six weeks ended	
	December 4, 2012	November 29, 2011	December 4, 2012	November 29, 2011
Service cost	$ 115	$ 134	$ 230	$ 268
Interest cost	525	576	1,050	1,152
Expected return on plan assets	(102)	(126)	(204)	(252)
Amortization of prior service cost	26	64	52	128
Recognized actuarial loss	565	426	1,130	852
Net periodic benefit cost	$ 1,129	$ 1,074	$ 2,258	$ 2,148

	Postretirement Medical and Life Benefits			
	Thirteen weeks ended		Twenty-six weeks ended	
	December 4, 2012	November 29, 2011	December 4, 2012	November 29, 2011
Service cost	$ 3	$ 2	$ 6	$ 4
Interest cost	15	18	30	36
Amortization of prior service cost	(14)	(14)	(28)	(28)
Recognized actuarial loss	53	34	106	68
Net periodic benefit cost	$ 57	$ 40	$ 114	$ 80

(a) Prior service costs are amortized on a straight-line basis over the average remaining service period of employees expected to receive benefits.

We also sponsor two defined contribution retirement savings plans. Information regarding these plans is included in our Annual Report on Form 10-K for the fiscal year ended June 5, 2012.

Executive Retirement
On June 6, 2012, we announced that Samuel E. Beall, III, our founder, President, Chief Executive Officer, and Chairman of the Board of Directors, decided to step down from management and the Board of Directors. Mr. Beall stepped down on November 30, 2012. In connection with a transition agreement between the Company and Mr. Beall, the material terms of which were finalized as of June 5, 2012, we accrued $2.2 million of severance during the fourth quarter of fiscal 2012. Mr. Beall's severance payment was paid on December 18, 2012.

As previously mentioned, Mr. Beall will receive a lump sum payment of $8.1 million, representing the full amount due to him under the Executive Supplemental Pension Plan, six-months following his retirement. As Mr. Beall retired on November 30, 2012, this payment will be required in fiscal 2013. Due to the significance of this payment to the Executive Supplemental Pension Plan as a whole, the payment will constitute a partial plan settlement which will require a special valuation. In addition to the expense we routinely record for the Executive Supplemental Pension Plan, a charge estimated to approximate $2.8 million will then be recorded, representing the recognition of a pro rata portion (calculated as the percentage reduction in the projected benefit obligation due to the lump-sum payment) of the then unrecognized loss recorded within accumulated other comprehensive loss.

NOTE J – INCOME TAXES

We had a liability for unrecognized tax benefits of $9.2 million and $6.4 million as of December 4, 2012 and June 5, 2012, respectively. As of December 4, 2012 and June 5, 2012, the total amount of unrecognized tax benefits that, if recognized, would impact our effective tax rate was $4.0 million and $4.2 million, respectively. The liability for unrecognized tax benefits as of December 4, 2012 includes $0.9 million related to tax positions for which it is reasonably possible that the total amounts could change within the next twelve months based on the outcome of examinations and negotiations with tax authorities.

Interest and penalties related to unrecognized tax benefits are recognized as components of income tax expense. As of December 4, 2012 and June 5, 2012, we had accrued $1.1 million and $1.0 million, respectively, for the payment of interest and penalties. During the first 26 weeks of fiscal 2013, accrued interest and penalties increased by $0.1 million, all of which affected the effective tax rate for the same time period.

Under Accounting Standards Codification 740 (“ASC 740”), companies are required to apply their estimated annual tax rate on a year-to-date basis in each interim period. Under ASC 740, companies should not apply the estimated annual tax rate to interim financial results if the estimated annual tax rate is not reliably predictable. In this situation, the interim tax rate should be based on the actual year-to-date results. Based on our current projections, a small change in pre-tax earnings would result in a material change in the estimated annual effective tax rate, producing significant variations in the customary relationship between income tax expense and pre-tax accounting income in interim periods. As such, and in contrast with our previous methods of recording income tax expense, we recorded a tax benefit for the first and second quarters of fiscal 2013 based on the actual year-to-date results, in accordance with ASC 740.

We recorded a tax benefit of $13.7 million and $16.0 million during the 13- and 26-week periods ended December 4, 2012, respectively, compared to tax expense of $0.3 million and $0.8 million during the 13- and 26-week periods ended November 29, 2011. The change in income taxes was attributable to a change in method of recording interim income tax expense as discussed above, coupled with lower pre-tax income for the current year periods as compared to those same periods of the prior year, an increase in the tax benefit of FICA Tip and Work Opportunity credits based on that change in accounting method, and a decrease in unrecognized tax benefits for the quarter.

At December 4, 2012, we are no longer subject to U.S. federal income tax examinations by tax authorities for fiscal years prior to 2008 with the exception of our fiscal years 2004 and 2005 as a result of fiscal 2009 NOL carryback, and with few exceptions, state and local examinations by tax authorities prior to fiscal year 2008.

NOTE K – SHARE-BASED EMPLOYEE COMPENSATION

We compensate our employees and directors using share-based compensation through the following plans:

The Ruby Tuesday, Inc. Stock Incentive and Deferred Compensation Plan for Directors
Under the Ruby Tuesday, Inc. Stock Incentive and Deferred Compensation Plan for directors (the “Directors’ Plan”), non-employee directors are eligible for awards of share-based incentives. Restricted shares granted under the Directors’ Plan either cliff vest after a one year period or vest in equal amounts after one, two, and three years provided the director continually serves on the Board of Directors. Options issued under the Directors’ Plan become vested after 30 months and are exercisable until five years after the grant date. Stock option exercises are settled with the issuance of new shares of common stock.

All options awarded under the Directors’ Plan have been at the fair market value at the time of grant. A committee, appointed by the Board of Directors, administers the Directors’ Plan. At December 4, 2012, we had reserved 36,000 shares of common stock under the Directors’ Plan, 35,000 of which were subject to options outstanding, for a net of 1,000 shares of common stock currently available for issuance under the Directors’ Plan.

The Ruby Tuesday, Inc. 2003 Stock Incentive Plan and the Ruby Tuesday, Inc. 1996 Stock Incentive Plan
A committee, appointed by the Board of Directors, administers the Ruby Tuesday, Inc. 2003 Stock Incentive Plan (“2003 SIP”) and the Ruby Tuesday, Inc. 1996 Stock Incentive Plan (“1996 SIP”), and has full authority in its discretion to determine the key employees and officers to whom share-based incentives are granted and the terms and provisions of share-based incentives. Option grants under the 2003 SIP and

1996 SIP can have varying vesting provisions and exercise periods as determined by such committee. Options granted under the 2003 SIP and 1996 SIP vest in periods ranging from immediate to fiscal 2014, with the majority vesting within three years following the date of grant, and the majority expiring five or seven (but some up to 10) years after grant. A majority of the currently unvested restricted shares granted in fiscal year 2013 are performance-based and a majority of the unvested restricted shares granted in fiscal year 2012 are service-based. All of the currently unvested restricted shares granted during fiscal 2011 are service-based. The 2003 SIP and 1996 SIP permit the committee to make awards of shares of common stock, awards of stock options or other derivative securities related to the value of the common stock, and certain cash awards to eligible persons. These discretionary awards may be made on an individual basis or for the benefit of a group of eligible persons. All options awarded under the 2003 SIP and 1996 SIP have been awarded with an exercise price equal to the fair market value at the time of grant.

At December 4, 2012, we had reserved a total of 4,772,000 and 938,000 shares of common stock for the 2003 SIP and 1996 SIP, respectively. Of the reserved shares at December 4, 2012, 1,645,000 and 938,000 were subject to options outstanding for the 2003 SIP and 1996 SIP, respectively. Stock option exercises are settled with the issuance of new shares. Net shares of common stock available for issuance at December 4, 2012 under the 2003 SIP and 1996 SIP were 3,127,000 and negligible, respectively.

New Chief Executive Officer Awards

On December 1, 2012, James J. Buettgen became President and CEO of the Company. In connection with Mr. Buettgen's appointment as CEO, on December 3, 2012 he received an initial award of approximately 68,000 service-based restricted shares and 102,000 performance-based restricted shares, which both cliff vest 2.5 years following the grant date. Pursuant to the terms of Mr. Buettgen's employment agreement, the Company has guaranteed the earning of the performance-based restricted shares at the greater of the target value of the award or based on the Company's achievement of certain performance conditions related to fiscal 2013 performance, which will be measured in the first quarter of fiscal 2014.

In addition to the above, on December 3, 2012, Mr. Buettgen received a one-time make-whole equity award which was comprised of approximately 179,000 service-based restricted shares and 253,000 service-based stock options. The restricted shares cliff vest 2.5 years following the grant date and the stock options vest in three equal annual installments over three years following the date of grant.

Finally, on that same date, Mr. Buettgen received a one-time high-performance and inducement award which was comprised of approximately 250,000 service-based restricted shares, 250,000 service-based stock options, and 250,000 performance-based stock options. The restricted shares cliff vest 2.5 years following the grant date and the service-based stock options vest in three equal annual installments over three years following the date of grant. The performance-based stock options will cliff vest if and when the Company's stock price appreciates to $14 per share for a period of 20 consecutive days within Mr. Buettgen's first three years of employment.

Stock Options

The following tables summarize the activity in options for the 26 weeks ended December 4, 2012 under these stock option plans (in thousands, except per-share data):

Service-based vesting:	Options	Weighted-Average Exercise Price
Balance at June 5, 2012	2,716	$ 8.79
Granted	503	7.81
Exercised	(28)	6.24
Forfeited	(70)	8.99
Balance at December 4, 2012	3,121	$ 8.65
Exercisable at December 4, 2012	2,497	$ 8.79

Performance-based vesting:	Options	Weighted-Average Exercise Price
Balance at June 5, 2012	–	$ –
Granted	250	7.81
Balance at December 4, 2012	250	$ 7.81
Exercisable at December 4, 2012	–	$ –

Included in the outstanding balance shown above are approximately 1.3 million of out-of-the-money options. Of this amount, 0.2 million of these options expired out-of-the-money subsequent to December 4, 2012.

At December 4, 2012, there was approximately $2.8 million of unrecognized pre-tax compensation expense related to non-vested stock options. This cost is expected to be recognized over a weighted-average period of 1.9 years.

Restricted Stock

The following tables summarize our restricted stock activity for the 26 weeks ended December 4, 2012 (in thousands, except per-share data):

Service-based vesting:	Restricted Stock	Weighted-Average Grant-Date Fair Value
Non-vested at June 5, 2012	797	$ 8.37
Granted	773	7.42
Vested	(291)	7.50
Forfeited	–	–
Non-vested at December 4, 2012	1,279	$ 7.99

Performance-based vesting:	Restricted Stock	Weighted-Average Grant-Date Fair Value
Non-vested at June 5, 2012	423	$ 7.75
Granted	344	6.99
Vested	(85)	7.29
Forfeited	(314)	7.87
Non-vested at December 4, 2012	368	$ 7.04

The fair values of the restricted share awards reflected above were based on the fair market value of our common stock at the time of grant. At December 4, 2012, unrecognized compensation expense related to restricted stock grants expected to vest totaled approximately $9.0 million and will be recognized over a weighted average vesting period of approximately 2.5 years.

During the second quarter of fiscal 2013, RTI granted approximately 63,000 restricted shares to non-employee directors under the terms of the Directors' Plan. These shares cliff vest over a one year period following grant of the award.

During the first quarter of fiscal 2013, we granted approximately 213,000 service-based restricted shares and 242,000 performance-based restricted shares of our common stock to certain employees under the terms of the 2003 SIP and 1996 SIP. The service-based restricted shares cliff vest 2.5 years following the grant date. Vesting of the performance-based restricted shares is also contingent upon the Company's achievement of certain performance conditions related to fiscal 2013 performance, which will be measured in the first quarter of fiscal 2014. In addition to satisfaction of the performance conditions for the performance-based restricted shares, recipients must satisfy the same service condition as described above for the service-based restricted shares.

Also during the first quarter of fiscal 2013, the Executive Compensation and Human Resources Committee of the Board of Directors determined that the performance condition was not achieved for 314,000 performance-based restricted shares awarded in August 2011 to vest. As a result, the restricted shares were cancelled and returned to the pool of shares available for grant under the 2003 SIP and 1996 SIP.

NOTE L – COMMITMENTS AND CONTINGENCIES

Litigation

We are presently, and from time to time, subject to pending claims and lawsuits arising in the ordinary course of business. We provide reserves for such claims when payment is probable and estimable in accordance with GAAP. At this time, in the opinion of management, the ultimate resolution of pending legal proceedings, including the matter referred to below, will not have a material adverse effect on our operations, financial position, or cash flows.

On September 30, 2009, an age discrimination case styled Equal Employment Opportunity Commission (Pittsburgh) v. Ruby Tuesday, Inc., was filed in the United States District Court for the Western District of Pennsylvania. The U.S. Equal Employment Opportunity Commission ("EEOC") Pittsburgh Area Office alleges in the suit that the Company was in violation of the Age Discrimination in Employment Act ("ADEA") by failing to hire employees within the protected age group in five Pennsylvania restaurants and one Ohio restaurant. On October 19, 2009, the EEOC filed a Notice of an ADEA Directed Investigation ("DI"), regarding potential age discrimination in violation of the ADEA in hiring and discharge for all positions at all restaurant facilities. We have denied the allegations in the lawsuit and are vigorously defending against both the suit and the DI. We have filed motions seeking to dismiss the lawsuit based on the EEOC's failure to conciliate the matter prior to filing suit and objecting to the EEOC filing suit and launching the DI simultaneously. Discovery is ongoing in both matters. Despite the pending suit and DI, we do not believe that this matter will have a material adverse effect on our operations, financial position, or cash flows.

On November 8, 2010, a personal injury case styled Dan Maddy v. Ruby Tuesday, Inc., which had been filed in the Circuit Court for Rutherford County, Tennessee, was resolved through mediation. Included in the Maddy settlement was a payment made by our secondary insurance carrier of $2,750,000. Despite making this voluntary payment, our secondary insurance carrier filed a claim against us based on our alleged failure to timely notify the carrier of the Maddy case in accordance with the terms of the policy.

We believe our secondary insurance carrier received timely notice in accordance with the policy and we are vigorously defending this matter. Should we incur potential liability to our secondary carrier, we believe we have indemnification claims against two claims administrators.

We believe, and have obtained a consistent opinion from outside counsel, that we have valid coverage under our insurance policies for any amounts in excess of our self-insured retention. We believe this provides a basis for not recording a liability for any contingency associated with the Maddy settlement. We further believe we have the right to the indemnification referred to above. Based on the information currently available, our December 4, 2012 and June 5, 2012 Condensed Consolidated Balance Sheets reflect no accrual relating to the Maddy case. There can be no assurance, however, that we will be successful in our defense of our carrier's claim against us.

NOTE M – FAIR VALUE MEASUREMENTS

The following table presents the fair values of our financial assets and liabilities measured at fair value on a recurring basis and the level within the fair value hierarchy in which the measurements fall (in thousands):

	Level	December 4, 2012	June 5, 2012
Deferred compensation plan: other investments – Assets	1	$ 8,240	$ 7,974
Deferred compensation plan: other investments – Liabilities	1	(8,240)	(7,974)
Deferred compensation plan: RTI common stock – Equity	1	1,063	1,008
Deferred compensation plan: RTI common stock – Equity	1	(1,063)	(1,008)
Total		$ –	$ –

During the 13 and 26 weeks ended December 4, 2012 and November 29, 2011, there were no transfers among levels within the fair value hierarchy.

The Ruby Tuesday, Inc. 2005 Deferred Compensation Plan (the "Deferred Compensation Plan") and the Ruby Tuesday, Inc. Restated Deferred Compensation Plan (the "Predecessor Plan") are unfunded, non-qualified deferred compensation plans for eligible employees. Assets earmarked to pay benefits under the Deferred Compensation Plan and Predecessor Plan are held by a rabbi trust. We report the accounts of the

rabbi trust in our Condensed Consolidated Financial Statements. The investments held by these plans are reported at fair value. The realized and unrealized holding gains and losses related to these investments, as well as the offsetting compensation expense, is recorded in Selling, general and administrative expense in the Condensed Consolidated Financial Statements.

The following table presents the fair values for those assets and liabilities measured on a non-recurring basis and remaining on our Condensed Consolidated Balance Sheets as of December 4, 2012 and June 5, 2012 (in thousands):

	Fair Value Measurements		
	Level	December 4, 2012	June 5, 2012
Long-lived assets held for sale *	2	$ 23,303	$ 26,495
Long-lived assets held for use	2	8,204	385
Total		$ 31,507	$ 26,880

* Included in the carrying value of long-lived assets held for sale as of December 4, 2012 and June 5, 2012 are $19.1 million and $21.8 million, respectively, of assets included in Construction in progress in the Condensed Consolidated Balance Sheets as we do not expect to sell these assets within the next 12 months.

The following table presents the losses recognized during the 13 and 26 weeks ended December 4, 2012 and November 29, 2011 resulting from fair value measurements of assets and liabilities measured on a non-recurring basis. These losses are included in Closures and impairments in our Condensed Consolidated Statements of Operations and Comprehensive (Loss)/Income (in thousands):

	Thirteen weeks ended		Twenty-six weeks ended	
	December 4, 2012	November 29, 2011	December 4, 2012	November 29, 2011
Long-lived assets held for sale	$ 354	$ –	$ 511	$ 206
Long-lived assets held for use	18,160	630	18,451	630
	$ 18,514	$ 630	$ 18,962	$ 836

Long-lived assets held for sale are valued using Level 2 inputs, primarily information obtained through broker listings and sales agreements. Costs to market and/or sell the assets are factored into the estimates of fair value for those assets included in Assets held for sale on our Condensed Consolidated Balance Sheets.

We review our long-lived assets (primarily property, equipment, and, as appropriate, reacquired franchise rights and favorable leases) related to each restaurant to be held and used in the business, whenever events or changes in circumstances indicate that the carrying amount of the long-lived asset may not be recoverable.

Long-lived assets held for use presented in the table above include restaurants or groups of restaurants that were impaired as a result of our quarterly impairment review or restaurants that were impaired as a result of the Ruby Tuesday, Inc. Board of Directors approving on January 9, 2013 management's plan to close 13 Marlin & Ray's restaurants, two Lime Fresh restaurants, and one Wok Hay restaurant during the third quarter of fiscal 2013. From time to time, the table will also include closed restaurants or surplus sites not meeting held for sale criteria that have been offered for sale at a price less than their carrying value.

The Level 2 fair values of our long-lived assets held for use are based on broker estimates of the value of the land, building, leasehold improvements, and other residual assets.

Our financial instruments at December 4, 2012 and June 5, 2012 consisted of cash and cash equivalents, accounts receivable and payable, long-term debt, and letters of credit. The fair values of cash and cash equivalents and accounts receivable and payable approximated carrying value because of the short-term nature of these instruments. The carrying amounts and fair values of our other financial instruments not measured on a recurring basis using fair value, however subject to fair value disclosures are as follows (in thousands):

	December 4, 2012		June 5, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt and capital leases	$ 308,697	$ 303,769	$ 326,663	$ 312,225
Letters of credit	–	245	–	222

We estimated the fair value of debt and letters of credit using market quotes and present value calculations based on market rates.

NOTE N – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Accounting Pronouncements Adopted in Fiscal 2013

In June 2011, the Financial Accounting Standards Board ("FASB") issued guidance on the presentation of total comprehensive income, the components of net income, and the components of other comprehensive income. This guidance is intended to improve the comparability, consistency, and transparency of financial reporting and to increase the prominence of items reported in other comprehensive income. The guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011 (our fiscal 2013 first quarter). The adoption of this guidance did not have a material impact on our Condensed Consolidated Financial Statements.

In September 2011, the FASB issued guidance modifying the impairment test for goodwill by allowing businesses to first decide whether they need to do the two-step impairment test. Under the guidance, a business no longer has to calculate the fair value of a reporting unit unless it believes it is very likely that the reporting unit's fair value is less than the carrying value. The guidance is effective for impairment tests for fiscal years beginning after December 15, 2011 (our fiscal 2013 first quarter). The adoption of this guidance did not have a material impact on our Condensed Consolidated Financial Statements.

Accounting Pronouncements Not Yet Adopted

In July 2012, the FASB issued guidance on testing indefinite-lived intangible assets for impairment. Under the guidance, testing the decline in the realizable value (impairment) of indefinite-lived intangible assets other than goodwill has been simplified. The guidance allows an organization the option to first assess qualitative factors to determine whether it is necessary to perform the quantitative impairment test. An organization electing to perform a qualitative assessment is no longer required to calculate the fair value of an indefinite-lived intangible asset unless the organization determines, based on a qualitative assessment, that it is "more likely than not" that the asset is impaired. The guidance is effective for impairment tests for fiscal years beginning after September 15, 2012 (our fiscal 2014). We do not expect the adoption of this guidance to have a material impact on our Condensed Consolidated Financial Statements.

NOTE O – RELATED PARTY TRANSACTIONS

On June 7, 2012, we entered into two marketing agreements with 50 Eggs Branding Company, LLC ("50 Eggs"). John Kunkel, the CEO of 50 Eggs, previously was the CEO of LFMG International, LLC, and is a current Lime Fresh franchisee. Under the terms of the first agreement, 50 Eggs will provide marketing services for our Lime Fresh concept for a monthly fee of $52,500 plus out of pocket expenses. Under the terms of the second agreement, 50 Eggs will provide marketing services for our Marlin & Ray's concept for a monthly fee of $26,250 plus out of pocket expenses. Both agreements expire on June 6, 2013. Included within Selling, general, and administrative, net in our Consolidated Statements of Operations and Comprehensive (Loss)/Income for the 13 and 26 weeks ended December 4, 2012, are payments we made to 50 Eggs in connection with these agreements of $0.2 million and $0.6 million, respectively.

On July 22, 2010, following the approval of the Audit Committee of our Board of Directors, we entered into a licensing agreement with Gourmet Market, Inc. which is owned by our former Chief Executive Officer's brother, Price Beall. The licensing agreement allows us to operate multiple restaurants under the Truffles name. Truffles is an upscale café concept that currently operates several restaurants in the vicinity of Hilton Head Island, South Carolina. The Truffles concept offers a diverse menu featuring soups, salads, sandwiches, a signature chicken pot pie, house-breaded fried shrimp, pasta, ribs, steaks, and a variety of desserts.

Under the terms of the agreement, we pay a licensing fee to Gourmet Market, Inc. of 2.0% of gross sales of any Truffles we open. Additionally, we pay Gourmet Market, Inc. a monthly fee for up to two years for consulting services to be provided by Price Beall to assist us in developing and opening Truffles restaurants under the terms of the licensing agreement. During the first 12 months of the agreement we paid $20,833 per month for such services. During the second 12 months of the agreement we paid $10,417 per month. Gourmet Market, Inc. has the option to terminate future development rights if we do not operate 18 or more Truffles restaurants within five years or 40 or more Truffles within 10 years of the effective date of the agreement. As discussed further in Notes H and P to the Condensed Consolidated Financial Statements, on January 9, 2013 we announced the planned sale of our two Truffles restaurants. During the 13 and 26 weeks ended December 4, 2012 and November 29, 2011, we paid Gourmet Market, Inc. $14,423 and $53,250, and $38,265 and $98,097, respectively, under the terms of the agreement.

NOTE P – SUBSEQUENT EVENTS

Restaurant closures
As discussed in Note H to the Condensed Consolidated Financial Statements, we incurred impairment charges in the second quarter of fiscal 2013 associated with the planned closing of 13 Marlin & Ray's, one Wok Hay, and two Lime Fresh restaurants, as well as the planned sale of two Truffles restaurants. As of the date of this filing, we have closed all 16 planned restaurants and are focusing on the sale of the two Truffles restaurants. Accordingly, in conjunction with the closings, our third quarter Closures and Impairments Expense will include costs associated with lease terminations, future lease obligations, severance, and inventory obsolescence charges. For the remainder of fiscal 2013, we anticipate incurring charges of approximately $2.0 million to $5.0 million associated with lease termination and other closing costs. The actual amount of any cash payments made by the Company for lease contract termination costs will be dependent upon ongoing negotiations with the landlords of the leased restaurant properties.

Sale-leaseback transactions
Subsequent to December 4, 2012, we completed sale-leaseback transactions of the land and building for two Company-owned Ruby Tuesday concept restaurants for gross cash proceeds of $4.7 million, exclusive of transaction costs of approximately $0.2 million. Equipment was not included. The carrying value of the properties sold was $3.8 million. The leases have been classified as operating leases and have an initial term of 15 years, with renewal options of up to 20 years. We realized gains on these transactions totaling $0.8 million, which have been deferred and are being recognized on a straight-line basis over the lease term.

Share repurchases
Subsequent to December 4, 2012, we spent $3.2 million to repurchase 0.4 million shares of RTI common stock. On January 8, 2013, the Ruby Tuesday, Inc. Board of Directors authorized the repurchase of an additional 10.0 million shares of RTI common stock, bringing the total available for repurchase to 12.7 million shares as of January 8, 2013.

RT Midwest Restructuring
Subsequent to December 4, 2012, RT Midwest successfully emerged from its Chapter 11 bankruptcy restructuring. This franchisee, which currently operates 11 restaurants (all of which are leased), is scheduled to resume payment of franchise fees to RTI on March 6, 2013. We continue to remain a sublease guarantor for three of RT Midwest's operating restaurants, which have remaining lease terms extending through April 2019, representing total remaining exposure as of December 4, 2012 of $0.8 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion and analysis below for the Company should be read in conjunction with the unaudited Condensed Consolidated Financial Statements and the notes to such financial statements included elsewhere in this Quarterly Report on Form 10-Q. The discussion below contains forward-looking statements which should be read in conjunction with the "Special Note Regarding Forward-Looking Information" included elsewhere in this Quarterly Report on Form 10-Q.

General:

Ruby Tuesday, Inc., including its wholly-owned subsidiaries ("RTI," the "Company," "we" and/or "our"), owns and operates Ruby Tuesday®, Lime Fresh Mexican Grill® ("Lime Fresh"), Marlin & Ray's™, and Wok Hay® casual dining restaurants. We also operate Truffles® restaurants pursuant to a license agreement and franchise the Ruby Tuesday, Lime Fresh, and Wok Hay concepts in select domestic and international markets. As of December 4, 2012, we owned and operated 709, and franchised 77, Ruby Tuesday restaurants. Ruby Tuesday restaurants can now be found in 45 states, the District of Columbia, 11 foreign countries, and Guam.

As of December 4, 2012, there were 17 Company-owned and operated Lime Fresh restaurants, 13 Marlin & Ray's restaurants, two Truffles restaurants, and one Wok Hay restaurant. In addition, there were five Lime Fresh restaurants operated by domestic franchisees as of December 4, 2012.

Overview and Strategies

Casual dining, the segment of the industry in which we operate, is intensely competitive with respect to prices, services, convenience, locations, employees, advertising and promotion, and the types and quality of food. We compete with other food service operations, including locally-owned restaurants, and other national and regional restaurant chains that offer similar types of services and products as we do. While we are in the bar and grill sector as a result of our varied menu, we operate at the higher-end of casual dining in terms of the quality of our food and service. Our mission is to be the best in the bar and grill segment of casual dining by delivering to our guests a high-quality casual dining experience with compelling value.

We believe there are significant opportunities to grow our business, strengthen our competitive position, enhance our profitability, and create value through the execution of the following strategies:

Enhance Sales and Margins of Our Core Brand

In order to entice guests to see the new Ruby Tuesday, increase frequency of visits, drive same-restaurant sales growth and enhance brand visibility, we have increased the amount we spend on television marketing. Our marketing strategy for the last several fiscal years has focused mainly on print promotions, digital media and local marketing programs, with a minimal amount spent on television. In fiscal 2012, we began testing television marketing in certain markets with approximately 20% of our restaurants covered by television advertising in the third quarter and approximately 50% to 100% of our restaurants covered in our fourth quarter through leveraging a mixture of network and national cable at varying media weights. Based on favorable trends exhibited by our test markets in fiscal 2012, at the start of fiscal 2013 we deployed a television marketing program which will cover the entire system of restaurants for a portion of each quarter with the remaining portion of the quarter to be supplemented by high-end direct mail and other promotions. Our creative messaging will emphasize the value and quality we provide our guests, in addition to promoting various limited time offers throughout the year. We believe that having television advertising expense levels more in line with our competitive peer group together with a more balanced approach on our promotional strategies will position us for improvements in same-restaurant sales in the future from repeat and new guests.

In order to fund the incremental television advertising efforts, during fiscal 2012 we consulted with a leading enterprise improvement firm to assist us in identifying potential savings opportunities in a number of key areas including procurement, occupancy, and maintenance costs. The majority of these cost savings will be reinvested into our television marketing programs.

Focus on Low-Risk, Low-Capital Intensive, High-Return Growth
In an effort to be prudent with our capital, we have a strategy to grow our Company in a low-risk, low capital-intensive and high-return manner, with a focus on the fast casual segment. During the fourth quarter of fiscal 2012, we acquired the Lime Fresh concept for $24.1 million. We had previously opened Lime Fresh restaurants under a licensing agreement and with over a year of experience enabling us better understanding the concept's positioning in the high-quality fast casual segment, we decided that we could more quickly and effectively grow the concept if we owned it. The fast casual segment of our industry is a proven and growing segment where demand exceeds supply, and we believe opening smaller, inline locations under the Lime Fresh brand provides a good potential growth option for us. We also believe Lime Fresh can create good long-term value and strong cash flow with relatively low risk. We opened four Company-owned Lime Fresh restaurants during the first two quarters of fiscal 2013 and plan to open six to eight Company-owned Lime Fresh restaurants during the remainder of the current fiscal year. Over time, we also plan to open Company-owned, smaller inline-type Ruby Tuesday restaurants as well.

Increase Returns Through New Concept Conversions
Another part of our long-term strategy to date has been to get more out of existing restaurants by generating higher average restaurant volumes and thus more profit and cash flow with minimal capital investment. Therefore, we had been converting certain underperforming Ruby Tuesday concept restaurants into our internally-developed seafood concept, Marlin & Ray's. However, as further discussed in Notes H and P to the Condensed Consolidated Financial Statements and later in this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), subsequent to December 4, 2012 we announced our plan to close all Marlin & Ray's restaurants during the third quarter of fiscal 2013 in an effort to focus on the successful sales turnaround of our core Ruby Tuesday concept and position our Lime Fresh concept for long-term success as a growth vehicle.

Strengthen our Balance Sheet to Facilitate Growth and Value Creation
During the fourth quarter of fiscal 2012, we further strengthened our balance sheet and created additional financial flexibility by issuing $250.0 million in a senior unsecured notes offering with an eight-year maturity. As a result of the transaction, we were able to pay off all of our outstanding debt with the exception of some of our mortgage debt from previous franchise partnership acquisitions, reduce our revolver commitment size from $380.0 million to $200.0 million, obtain attractive interest rates, extend the maturity date of the majority of our debt for up to eight years, and build excess cash which we will reinvest in the future. We continue to maintain a strong balance sheet and have a sufficient amount of liquidity. Our near-term capital expenditure requirements will consist of opening approximately six to eight Company-owned Lime Fresh restaurants during the remainder of fiscal 2013.

Our strong balance sheet is supported by a high-quality portfolio of owned real estate, and during fiscal 2012 we commenced a sale-leaseback program on a portion of our properties in order to create greater financial flexibility and generate additional liquidity for debt reduction or reinvestment. We targeted to raise approximately $55.0 million of gross proceeds from our first tranche of sale-leaseback transactions, of which $51.9 million had been raised as of December 4, 2012. These proceeds were utilized for general corporate purposes, including the repurchase of shares of our common stock, capital expenditures, and debt reduction.

Given our viewpoint that capitalization rates have become more favorable over the last quarter, we are now pursuing a smaller second tranche of up to 20 sale-leaseback properties in order to raise additional proceeds of approximately $40.0 million to $45.0 million, of which $2.3 million was realized during the current quarter and $12.0 million to $16.0 million is expected to be realized during the remainder of fiscal 2013. Since December 4, 2012, we have raised an additional $4.7 million. We anticipate the second tranche of sale-leaseback transactions to be completed over the next five to six fiscal quarters. We plan to utilize the proceeds for general corporate purposes, including further debt reduction. See further discussion of our sale-leaseback transactions in the Investing Activities section of this MD&A.

We estimate we will generate approximately $27.9 to $37.9 million of free cash flow during the remainder of fiscal 2013. Included in these estimates is anticipated capital spending of approximately $19.5 to $23.5 million. Our objective over the next several years is to continue to reduce outstanding debt levels in order to reduce our leverage, focus on new Lime Fresh restaurant development, and opportunistically repurchase outstanding shares under our share repurchase program.

Our success in the key long range plan initiatives outlined above should enable us to improve both our return on assets and return on equity, and to create additional shareholder value.

Results of Operations:

The following is an overview of our results of operations for the 13- and 26-week periods ended December 4, 2012:

Net loss increased to $15.1 million for the 13 weeks ended December 4, 2012 compared to $2.0 million for the same quarter of the previous year. Diluted loss per share for the fiscal quarter ended December 4, 2012 was $0.24 compared to $0.03 for the corresponding period of the prior year as a result of the increase in net loss as discussed below.

During the 13 weeks ended December 4, 2012:

- Our former CEO, Samuel E. Beall, III, stepped down on November 30, 2012 and James J. Buettgen was appointed our new CEO effective December 1, 2012;
- Same-restaurant sales* at Company-owned Ruby Tuesday restaurants increased 0.3%, while same-restaurant sales at domestic franchise Ruby Tuesday restaurants increased 0.2%;
- Three Company-owned Ruby Tuesday restaurants were closed, one of which was converted into a Marlin & Ray’s concept restaurant during the quarter;
- Two Company-owned Lime Fresh restaurants and two Company-owned Marlin & Ray's restaurants were opened;
- One franchised Ruby Tuesday restaurant was opened and two were closed;
- We formulated a plan to close 13 Marlin & Ray’s, one Wok Hay, and two Lime Fresh restaurants in the third quarter of fiscal 2013, as well as sell two Truffles restaurants, resulting in impairment charges of $16.9 million;
- We repurchased 2.4 million shares of common stock at an aggregate cost of $17.7 million;
- We repurchased $11.5 million of our 7.625% senior notes due 2020 (the “Senior Notes”). The repurchases settled for $10.9 million plus a negligible amount of accrued interest. We realized a $0.6 million gain on these transactions; and
- Reclassified and/or corrected certain immaterial prior year income statement information which did not change net loss. See Note A to the Condensed Consolidated Financial Statements for more information.

Net loss was $12.5 million for the 26 weeks ended December 4, 2012 compared to net income of $1.1 million for the same period of the previous year. Diluted loss per share for the 26 weeks ended December 4, 2012 was $0.20 compared to diluted earnings per share of $0.02 for the corresponding period of the prior year as a result of the decrease in net income as discussed below.

During the 26 weeks ended December 4, 2012:

- Our former CEO, Samuel E. Beall, III, stepped down on November 30, 2012 and James J. Buettgen was appointed our new CEO effective December 1, 2012;
- Same-restaurant sales* at Company-owned Ruby Tuesday restaurants increased 1.1%, while same-restaurant sales at domestic franchise Ruby Tuesday restaurants decreased 0.8%;
- Five Company-owned Ruby Tuesday restaurants were closed, two of which were converted into Marlin & Ray's concept restaurants;
- Four Company-owned Lime Fresh restaurants were opened;
- Two franchised Ruby Tuesday restaurants were opened and four were closed;
- One franchised Lime Fresh restaurant was opened;
- We formulated a plan to close 13 Marlin & Ray’s, one Wok Hay, and two Lime Fresh restaurants in the third quarter of fiscal 2013, as well as sell two Truffles restaurants, resulting in impairment charges of $16.9 million;
- We repurchased 2.8 million shares of common stock at an aggregate cost of $20.0 million;
- We repurchased $11.5 million of our Senior Notes. The repurchases settled for $10.9 million plus a negligible amount of accrued interest. We realized a $0.6 million gain on these transactions; and
- Reclassified and/or corrected certain immaterial prior year income statement information which did not change net income. See Note A to the Condensed Consolidated Financial Statements for more information.

* We define same-restaurant sales as a year-over-year comparison of sales volumes for restaurants that, in the current year have been open at least 18 months, in order to remove the impact of new openings in comparing the operations of existing restaurants.

The following table sets forth selected restaurant operating data as a percentage of total revenue, except where otherwise noted, for the periods indicated. All information is derived from our Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

	Thirteen weeks ended		Twenty-six weeks ended	
	December 4, 2012	November 29, 2011	December 4, 2012	November 29, 2011
Revenue:				
Restaurant sales and operating revenue	99.5%	99.6%	99.5%	99.6%
Franchise revenue	0.5	0.4	0.5	0.4
Total revenue	100.0	100.0	100.0	100.0
Operating costs and expenses:				
Cost of merchandise (1)	27.8	29.9	27.4	29.8
Payroll and related costs (1)	34.0	34.6	33.4	34.1
Other restaurant operating costs (1)	22.1	21.2	21.2	21.0
Depreciation (1)	5.0	5.4	4.8	5.1
Selling, general and administrative, net	12.8	8.3	12.9	8.4
Closures and impairments	6.0	0.2	3.0	0.2
Interest expense, net	2.4	1.5	2.2	1.4
Gain on extinguishment of debt	(0.2)	0.0	(0.1)	0.0
(Loss)/income before income taxes	(9.5)	(0.6)	(4.5)	0.3
(Benefit)/provision for income taxes	(4.5)	0.1	(2.5)	0.1
Net (loss)/income	(5.0)%	(0.7)%	(2.0)%	0.2%

(1) As a percentage of restaurant sales and operating revenue.

The following table shows Company-owned Ruby Tuesday, Lime Fresh, Marlin & Ray's, and other concept restaurant activity for the 13- and 26-week periods ended December 4, 2012 and November 29, 2011.

	Ruby Tuesday	Lime Fresh	Marlin & Ray's	Other Concepts*	Total
13 weeks ended December 4, 2012					
Beginning number	712	15	11	3	741
Opened	–	2	2	–	4
Closed	(3)	–	–	–	(3)
Ending number	709	17	13	3	742
26 weeks ended December 4, 2012					
Beginning number	714	13	11	3	741
Opened	–	4	2	–	6
Closed	(5)	–	–	–	(5)
Ending number	709	17	13	3	742
13 weeks ended November 29, 2011					
Beginning number	746	–	3	4	753
Opened	–	1	2	1	4
Closed	(4)	–	–	–	(4)
Ending number	742	1	5	5	753
26 weeks ended November 29, 2011					
Beginning number	750	–	1	3	754

Opened	–	1	4	2	7
Closed	(8)	–	–	–	(8)
Ending number	742	1	5	5	753

*Other concepts include Truffles and Wok Hay.

The following table shows franchised Ruby Tuesday and Lime Fresh concept restaurant activity for the 13- and 26-week periods ended December 4, 2012 and November 29, 2011.

	Thirteen weeks ended		Twenty-six weeks ended	
	December 4, 2012	November 29, 2011	December 4, 2012	November 29, 2011
Ruby Tuesday				
Beginning number	78	95	79	96
Opened	1	1	2	3
Closed	(2)	(9)	(4)	(12)
Ending number	77	87	77	87
Lime Fresh				
Beginning number	5	–	4	–
Opened	–	–	1	–
Closed	–	–	–	–
Ending number	5	–	5	–

We expect our domestic and international franchisees to open approximately 10 to 12 additional Ruby Tuesday restaurants during the remainder of fiscal 2013. We currently anticipate opening approximately six to eight Lime Fresh restaurants during the remainder of fiscal 2013.

Revenue

RTI's restaurant sales and operating revenue for the 13 weeks ended December 4, 2012 decreased 1.1% to $302.8 million compared to the same period of the prior year. This decrease is primarily a result of restaurant closures since the same quarter of the prior year which was partially offset by a 0.3% increase in same-restaurant sales at Company-owned Ruby Tuesday restaurants.

The increase in same-restaurant sales is attributable to an increase in average net check in the second quarter of fiscal 2013 compared with the same quarter of the prior year, which was partially offset by lower guest counts. The increase in average net check was primarily the result of reduced discounts since the same quarter of the prior year.

Franchise revenue for the 13 weeks ended December 4, 2012 increased 18.4% to $1.5 million compared to the same period of the prior year. Franchise revenue is predominately comprised of domestic and international franchise royalties, which totaled $1.4 million and $1.2 million for the 13-week periods ended December 4, 2012 and November 30, 2011, respectively. The increase in franchise royalties for the 13 weeks ended December 4, 2012 was due in part to a 0.2% same-restaurant sales increase at domestic franchise Ruby Tuesday restaurants.

For the 26 weeks ended December 4, 2012, sales at Company-owned restaurants decreased 0.2% to $634.0 million compared to the same period of the prior year. This decrease is primarily a result of restaurant closures since the same quarter of the prior year which was partially offset by a 1.1% increase in same-restaurant sales at Company-owned Ruby Tuesday restaurants.

The increase in same-restaurant sales is attributable to an increase in average net check during the first two quarters of fiscal 2013 compared with the same period of the prior year, which was partially offset by lower guest counts. The increase in average net check was primarily the result of reduced discounts offered during the 26 weeks ended December 4, 2012 compared with the same period of the prior year.

For the 26-week period ended December 4, 2012, franchise revenues increased 14.4% to $3.1 million compared to the same period in the prior year. Domestic and international royalties totaled $3.0 million and $2.6 million for the 26-week periods ending December 4, 2012 and November 29, 2011, respectively. This increase is due primarily to higher international royalties for the 26 weeks ended December 4, 2012 compared to the same period of the prior year due to restaurant openings since the prior year period and higher sales at certain international restaurants compared to the same period of the prior year.

Pre-tax (Loss)/Income

Pre-tax loss increased $27.0 million to $28.8 million for the 13 weeks ended December 4, 2012, over the same quarter of the prior year. The higher pre-tax loss is due to higher closures and impairments expense ($17.6 million) and interest expense ($2.7 million), and increases, as a percentage of restaurant sales and operating revenue or total revenue, as appropriate, of other restaurant operating costs, and selling, general, and administrative, net. These higher costs were partially offset by an increase in same-restaurant sales of 0.3% at Company-owned Ruby Tuesday restaurants, gain on the extinguishment of debt ($0.6 million) related to repurchases of the Senior Notes, and decreases, as a percentage of restaurant sales and operating revenue, of cost of merchandise, payroll and related costs, and depreciation.

Pre-tax loss was $28.5 million for the 26 weeks ended December 4, 2012, compared to pre-tax income of $1.9 million for the same period of the prior year. The decrease in pre-tax income is due to higher closures and impairments expense ($18.3 million) and interest expense ($5.1 million), and increases, as a percentage of restaurant sales and operating revenue or total revenue, as appropriate, of other restaurant operating costs, and selling, general, and administrative, net. These higher costs were partially offset by an increase in same-restaurant sales of 1.1% at Company-owned Ruby Tuesday restaurants, gain on the extinguishment of debt ($0.6 million) related to repurchases of the Senior Notes, and decreases, as a percentage of restaurant sales and operating revenue, of cost of merchandise, payroll and related costs, and depreciation.

In the paragraphs that follow, we discuss in more detail the components of the decrease in pre-tax income for the 13- and 26-week periods ended December 4, 2012, as compared to the comparable periods in the prior year. Because a significant portion of the costs recorded in the cost of merchandise, payroll and related costs, other restaurant operating costs, and depreciation categories are either variable or highly correlative with the number of restaurants we operate, we evaluate our trends by comparing the costs as a percentage of restaurant sales and operating revenue, as well as the absolute dollar change, to the comparable prior year period.

Cost of Merchandise

Cost of merchandise decreased $7.3 million (7.9%) to $84.3 million for the 13 weeks ended December 4, 2012, over the corresponding period of the prior year. As a percentage of restaurant sales and operating revenue, cost of merchandise decreased from 29.9% to 27.8%.

Cost of merchandise decreased $15.3 million (8.1%) to $173.8 million for the 26 weeks ended December 4, 2012, over the corresponding period of the prior year. As a percentage of restaurant sales and operating revenue, cost of merchandise decreased from 29.8% to 27.4%.

The absolute dollar decrease for the 13- and 26-week periods ended December 4, 2012 was the result of cost savings negotiated with our primary food distributor coupled with renegotiated contracts and product specification changes on several items with certain vendors since the same periods of fiscal 2012. Restaurant closures further contributed to the reduction in cost of merchandise. Partially offsetting these decreases for the 13-week period were increases incurred with a steak and lobster promotion offered during part of the current quarter and price increases on certain products since the same quarter of the prior year.

As a percentage of restaurant sales and operating revenue, the decrease in cost of merchandise for the 13 and 26 weeks ended December 4, 2012 is due primarily to cost savings negotiated with our primary food distributor and various other vendors and a reduction in coupons since the same periods of the prior year.

Payroll and Related Costs

Payroll and related costs decreased $3.0 million (2.9%) to $102.8 million for the 13 weeks ended December 4, 2012, as compared to the corresponding period in the prior year. As a percentage of restaurant sales and operating revenue, payroll and related costs decreased from 34.6% to 34.0%.

Payroll and related costs decreased $4.7 million (2.1%) to $212.0 million for the 26 weeks ended December 4, 2012, as compared to the corresponding period in the prior year. As a percentage of restaurant sales and operating revenue, payroll and related costs decreased from 34.1% to 33.4%.

The absolute dollar decrease in payroll and related costs for the 13-week period ended December 4, 2012 was due to restaurant closures, decreases in hourly labor as a result of new staffing guidelines for certain positions in our restaurants, and favorable workers' compensation claims experience, which were partially offset by higher field bonus due in part to improved same-restaurant sales at Company-owned restaurants and higher management labor due to merit increases since the same quarter of the prior year.

The absolute dollar decrease in payroll and related costs for the 26-week period ended December 4, 2012 was due to restaurant closures, decreases in hourly labor as a result of new staffing guidelines for certain positions in our restaurants, lower management labor due to fewer managers per restaurant during the current versus prior year period, and favorable workers' compensation claims experience. These reductions were partially offset by higher field bonus as discussed above.

As a percentage of restaurant sales and operating revenue, the decrease in payroll and related costs for the 13 and 26 weeks ended December 4, 2012 was primarily the result of decreased hourly labor and, for the 26-week period lower management labor, due to restaurant closures and other reasons as discussed above, coupled with cost leverage associated with higher sales volumes.

Other Restaurant Operating Costs

Other restaurant operating costs increased $2.2 million (3.4%) to $67.0 million for the 13-week period ended December 4, 2012, as compared to the corresponding period in the prior year. As a percentage of restaurant sales and operating revenue, these costs increased from 21.2% to 22.1%.

For the 13 weeks ended December 4, 2012, the increase in other restaurant operating costs related to the following (in thousands):

Repairs	$	3,343
Rent and leasing		967
Utilities		(1,249)
Supplies		(828)
Other reductions		(38)
Net increase	$	2,195

In both absolute dollars and as a percentage of restaurant sales and operating revenue for the 13-week period ended December 4, 2012, in addition to restaurant closures since the second quarter of the prior year, the increase was a result of higher repairs expense incurred as we transitioned to a new maintenance agreement with a third-party provider during the current year and higher rent and leasing charges as a result of sale-leaseback transactions since the second quarter of the prior year. These increases were partially offset by decreased utilities based on reduced rates, lower supplies expense due to negotiated contract savings with certain vendors, and other reductions.

Other restaurant operating costs increased $0.6 million (0.5%) to $134.2 million for the 26-week period ended December 4, 2012, as compared to the corresponding period in the prior year. As a percentage of restaurant sales and operating revenue, these costs increased from 21.0% to 21.2%.

For the 26 weeks ended December 4, 2012, the increase in other restaurant operating costs related to the following (in thousands):

Repairs	$	4,535
Rent and leasing		1,997
Utilities		(2,107)
Supplies		(1,286)
Credit card expense		(837)
Waste removal		(734)
Insurance		(690)
Other reductions		(264)
Net increase	$	614

In both absolute dollars and as a percentage of restaurant sales and operating revenue for the 26-week period ended December 4, 2012, in addition to restaurant closures since the same period of the prior year, the increase was a result of higher repairs expense and rent and leasing charges due primarily to reasons as discussed above. These increases were partially offset by decreased utilities and supplies expense for similar reasons as discussed above, lower credit card expense as a result of a reduction in interchange fees,

reduced expenses for waste removal due to new contracts since the same period of the prior year, lower insurance expense due to favorable general liability claims experience, and other reductions.

Depreciation

Depreciation expense decreased $1.3 million (7.9%) to $15.1 million for the 13-week period ended December 4, 2012, as compared to the corresponding period in the prior year. As a percentage of restaurant sales and operating revenue, depreciation expense decreased from 5.4% to 5.0%.

Depreciation expense decreased $2.2 million (6.7%) to $30.5 million for the 26-week period ended December 4, 2012, as compared to the corresponding period in the prior year. As a percentage of restaurant sales and operating revenue, depreciation expense decreased from 5.1% to 4.8%.

In terms of both absolute dollars and as a percentage of restaurant sales and operating revenue, the decrease for the 13- and 26-week periods ended December 4, 2012 is due primarily to assets that became fully depreciated since the same periods of the prior year coupled with sale-leaseback transactions and restaurant closures.

Selling, General and Administrative Expenses, Net

Selling, general and administrative expenses, net increased $13.5 million (53.3%) to $39.0 million for the 13-week period ended December 4, 2012, as compared to the corresponding period in the prior year.

Selling, general and administrative expenses, net increased $28.6 million (53.1%) to $82.4 million for the 26-week period ended December 4, 2012, as compared to the corresponding period in the prior year.

The increase for the 13- and 26-week periods ended December 4, 2012 is due to higher advertising costs ($14.2 million and $29.5 million, respectively) primarily as a result of increased television advertising. At the start of fiscal 2013, we deployed a television marketing program which will cover the entire system of restaurants for a portion of each quarter with the remaining portion of the quarter to be supplemented by high-end direct mail and other promotions. The higher advertising costs were partially offset by lower general and administrative costs ($0.7 million and $0.9 million, respectively) due primarily to reduced consulting fees from the same periods in the prior year.

Closures and Impairments

Closures and impairments increased $17.6 million to $18.3 million for the 13-week period ended December 4, 2012, as compared to the corresponding period of the prior year. The increase for the 13-week period ended December 4, 2012 is primarily due to higher property impairment charges ($17.9 million), closed restaurant lease reserve expense ($0.1 million), and other closing costs ($0.1 million), which were partially offset by higher gains on the sale of surplus properties ($0.5 million).

Closures and impairments increased $18.3 million to $19.4 million for the 26-week period ended December 4, 2012, as compared to the corresponding period of the prior year. The increase for the 26-week period ended December 4, 2012 is primarily due to higher property impairment charges ($18.1 million), closed restaurant lease reserve expense ($0.5 million), and other closing costs ($0.2 million), which were partially offset by higher gains on the sale of surplus properties ($0.5 million).

For both the 13- and 26-week periods ended December 4, 2012, the higher property impairment charges were primarily due to a plan formulated by management and approved on January 9, 2013 by the Ruby Tuesday, Inc. Board of Directors to close all 13 Marlin & Ray's restaurants in the third quarter of fiscal 2013, as well as the Company's one Wok Hay restaurant and two of the Lime Fresh Mexican Grill restaurants. Additionally, the Company will seek a buyer for its two Truffles restaurants. As a result of these decisions, a pre-tax impairment charge of $16.9 million was recognized within Closures and Impairments Expense for the 13 weeks ended December 4, 2012. See Note H to our Condensed Consolidated Financial Statements for further information on our closures and impairment charges recorded during the 13 and 26 weeks ended December 4, 2012 and November 30, 2011 and Note P to our Condensed Consolidated Financial Statements for further discussion of the planned closure of these restaurants.

Interest Expense, Net

Interest expense, net increased $2.7 million to $7.2 million for the 13 weeks ended December 4, 2012, as compared to the corresponding period in the prior year, primarily due to interest expense on our Senior Notes which was partially offset by lower expense on our other debt due to pay downs since the first quarter of fiscal 2012. Interest expense, net increased $5.1 million to $14.0 million for the 26-week period ended December 4, 2012, as compared to the corresponding period in the prior year, primarily for the same reasons mentioned above.

Gain on Extinguishment of Debt

Gain on extinguishment of debt was $0.6 million for both the 13 and 26 weeks ended December 4, 2012. During the second quarter of fiscal 2013, we repurchased $11.5 million of the Senior Notes for $10.9 million plus a negligible amount of accrued interest.

(Benefit)/Provision for Income Taxes

We recorded a tax benefit of $13.7 million and $16.0 million during the 13- and 26-week periods ended December 4, 2012, respectively, compared to tax expense of $0.3 million and $0.8 million during the 13- and 26-week periods ended November 29, 2011. The change in income taxes was attributable to a change in method of recording interim income tax expense, coupled with lower pre-tax income for the current year periods as compared to those same periods of the prior year, an increase in the tax benefit of FICA Tip and Work Opportunity credits based on that change in accounting method, and a decrease in unrecognized tax benefits for the quarter.

Critical Accounting Policies:

Our MD&A is based upon our Condensed 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 requires us to make subjective or complex judgments that may affect the reported financial condition and results of operations. We base our estimates on historical experience and other assumptions that we believe to be reasonable in the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We continually evaluate the information used to make these estimates as our business and the economic environment changes.

In our Annual Report on Form 10-K for the year ended June 5, 2012, we identified our critical accounting policies related to impairment of long-lived assets, business combinations, share-based employee compensation, income tax valuation allowances and tax accruals, lease obligations, revenue recognition for franchisees, and estimated liability for self-insurance. During the first 26 weeks of fiscal 2013, we changed our methodology of accounting for income taxes in interim periods as discussed below.

Accounting for Income Taxes in Interim Periods

Prior to the 26 weeks ended December 4, 2012, we accounted for income taxes during interim periods by recording tax expense or a tax benefit during the respective quarterly period using the estimated annual effective tax rate for the fiscal year. Under Accounting Standards Codification 740 (“ASC 740”), companies are required to apply their estimated annual tax rate on a year-to-date basis in each interim period. Under ASC 740, companies should not apply the estimated annual tax rate to interim financial results if the estimated annual tax rate is not reliably predictable. In this situation, the interim tax rate should be based on the actual year-to-date results. Based on our current projections, a small change in pre-tax earnings could result in a material change in the estimated annual effective tax rate, producing significant variations in the customary relationship between income tax expense and pre-tax accounting income in interim periods. As such, and in contrast with our previous method of recording income tax expense, we recorded a tax benefit for the first 26 weeks of fiscal 2013 based on the actual year-to-date results, in accordance with ASC 740.

Liquidity and Capital Resources:

Cash and cash equivalents decreased by $22.6 million and $0.8 million during the first 26 weeks of fiscal 2013 and 2012, respectively. The change in cash and cash equivalents is as follows (in thousands):

	Twenty-six weeks ended	
	December 4, 2012	November 29, 2011
Cash provided by operating activities	$ 609	$ 36,985
Cash provided/(used) by investing activities	14,114	(17,882)
Cash used by financing activities	(37,313)	(19,939)
Decrease in cash and cash equivalents	$ (22,590)	$ (836)

Operating Activities

Our cash provided by operations is generally derived from cash receipts generated by our restaurant customers and franchisees. Substantially all of the $634.0 million and $635.0 million of restaurant sales and operating revenue disclosed in our Condensed Consolidated Statements of Operations and Comprehensive (Loss)/Income for the 26 weeks ended December 4, 2012 and November 29, 2011, respectively, was received in cash either at the point of sale or within two to four days (when our guests paid with debit or credit cards). Our primary uses of cash for operating activities are food and beverage purchases, payroll and benefit costs, restaurant operating costs, general and administrative expenses, and marketing, a significant portion of which are incurred and paid in the same period.

Cash provided by operating activities for the first 26 weeks of fiscal 2013 decreased $36.4 million from the corresponding period in the prior year to $0.6 million. The decrease is due primarily to increases in amounts spent on media advertising (approximately $27.5 million), increases in amounts spent to acquire lobster and crab inventory to ensure adequate supply, and higher cash paid for interest ($4.2 million) due in part interest on the Senior Notes.

Our working capital deficit and current ratio as of December 4, 2012 were $2.8 million and 1.0:1, respectively. As is common in the restaurant industry, we typically carry current liabilities in excess of current assets because cash (a current asset) generated from operating activities is reinvested in capital expenditures (a long-term asset), debt reduction (a long-term liability), or stock repurchases, and receivable and inventory levels are generally not significant.

Investing Activities

We require capital principally for the maintenance and upkeep of our existing restaurants, limited new or converted restaurant construction, investments in technology, equipment, remodeling of existing restaurants, and on occasion for the acquisition of franchisees or other restaurant concepts. Property and equipment expenditures purchased with proceeds from sale-leaseback transactions for the 26 weeks ended December 4, 2012 were $18.5 million.

During the 26 weeks ended December 4, 2012, we completed sale-leaseback transactions of the land and buildings for 14 Company-owned Ruby Tuesday concept restaurants for gross cash proceeds of $32.0 million, exclusive of transaction costs of approximately $1.6 million. Equipment was not included. Net proceeds from the sale-leaseback transactions were used for general corporate purposes, including the repurchase of shares of our common stock, capital expenditures, and debt payments. See Notes F to the Condensed Consolidated Financial Statements for further discussion of these transactions.

Capital expenditures for the remainder of the fiscal year are projected to be approximately $19.5 million to $23.5 million based on our planned improvements for existing restaurants and our expectation that we will open approximately six to eight Company-owned Lime Fresh restaurants during the remainder of fiscal 2013. We intend to fund our investing activities with cash currently on hand, cash provided by operations, cash from additional sale-leaseback transactions, or borrowings on our five-year revolving credit agreement (the "Credit Facility").

Financing Activities

Historically our primary sources of cash have been operating activities and refranchising transactions. When these alone have not provided sufficient funds for both our capital and other needs, we have obtained funds through the issuance of indebtedness or through the issuance of additional shares of common stock. Our current borrowings and credit facilities are described below.

On May 14, 2012, we entered into an indenture (the "Indenture") among the Company, certain subsidiaries of the Company as guarantors and Wells Fargo Bank, National Association as trustee, governing the Company's $250.0 million aggregate principal amount of Senior Notes. The Senior Notes were issued at a discount of $3.7 million, which is being amortized using the effective interest method over the eight year term of the notes.

The Senior Notes are guaranteed on a senior unsecured basis by our existing and future domestic restricted subsidiaries, subject to certain exceptions. They rank equal in right of payment with our existing and future senior indebtedness and senior in right of payment to any of our future subordinated indebtedness. The Senior Notes are effectively subordinated to all of our secured debt, including borrowings outstanding under our revolving credit facility, to the extent of the value of the assets securing such debt and structurally subordinated to all of the liabilities of our existing and future subsidiaries that do not guarantee the Senior Notes.

Interest on the Senior Notes is calculated at 7.625% per annum, payable semiannually on each May 15 and November 15, commencing November 15, 2012, to holders of record on the May 1 or November 1 immediately preceding the interest payment date. Accrued interest on the Senior Notes and our other long-term debt and capital lease obligations is included in Accrued liabilities – Rent and other in our Condensed Consolidated Balance Sheets. The Senior Notes mature on May 15, 2020.

At any time prior to May 15, 2016, we may redeem the Senior Notes, in whole or in part, at a redemption price equal to 100% of the principal amount, plus an applicable "make-whole" premium and accrued and unpaid interest. At any time on or after May 15, 2016, we may redeem the Senior Notes, in whole or in part, at the redemption prices specified in the Indenture plus accrued and unpaid interest. At any time prior to May 15, 2015, we may redeem up to 35% of the Senior Notes from the proceeds of certain equity offerings. There is no sinking fund for the Senior Notes.

The Indenture contains covenants that limit, among other things, our ability and the ability of certain of our subsidiaries to (i) incur or guarantee additional indebtedness; (ii) declare or pay dividends, redeem stock or make other distributions to stockholders; (iii) make certain investments; (iv) create liens or use assets as security in other transactions; (v) merge or consolidate, or sell, transfer, lease or dispose of substantially all of their assets; (vi) enter into transactions with affiliates; and (vii) sell or transfer certain assets. These covenants are subject to a number of important exceptions and qualifications, as described in the Indenture, and certain covenants will not apply at any time when the Senior Notes are rated investment grade by the Rating Agencies, as defined in the Indenture. The Indenture also provides for events of default, which, if any of them occurs, would permit or require the principal, premium, if any, interest and any other monetary obligations on all the then outstanding Senior Notes to be due and payable immediately.

In connection with the issuance of the Senior Notes, we have agreed to register with the SEC notes having substantially identical terms as the Senior Notes, as part of an offer to exchange freely tradable exchange notes for the Senior Notes. We have agreed: (i) within 270 days after the issue date of the Senior Notes, to file a registration statement enabling holders of the Senior Notes to exchange the privately placed notes for publicly registered notes with substantially identical terms; (ii) to use commercially reasonable efforts to cause the registration statement to become effective within 365 days after the issue date of the Senior Notes; (iii) to consummate the exchange offer within 405 days after the issue date of the Senior Notes; and (iv) to file a shelf registration statement for resale of the notes if we cannot consummate the exchange offer within the time period listed above.

If we fail to meet these targets (each, a "registration default"), the annual interest rate on the Senior Notes will increase by 0.25%. The annual interest rate on the Senior Notes will increase by an additional 0.25% for each subsequent 90-day period during which the registration default continues, up to a maximum additional interest rate of 1.0% per year over the otherwise applicable annual interest rate of 7.625%. If we cure the registration default, the interest rate on the Senior Notes will revert to the original level.

On August 10, 2012, we entered into the third amendment to the Credit Facility which, among other things, allows us to repurchase up to $15.0 million of the Senior Notes in any fiscal year. During the first 26 weeks of fiscal 2013, we repurchased $11.5 million of the Senior Notes for $10.9 million plus a negligible amount of accrued interest. We realized a gain of $0.6 million on these transactions. The balance on the Senior Notes was $238.5 million at December 4, 2012 as a result of these repurchases. As of December 4, 2012, we may repurchase an additional $3.5 million of the Senior Notes during the remainder of fiscal 2013.

On December 1, 2010, we entered into the Credit Facility, under which we could borrow up to $320.0 million with the option to increase our capacity by $50.0 million to $370.0 million. On May 14, 2012, we entered into the second amendment to our revolving credit facility to, among other things, reduce the maximum aggregate revolving commitment to $200.0 million, secure the revolving credit facility with a lien over the equity interests of certain subsidiaries, modify certain financial covenants and ratios and permit the issuance of the Senior Notes.

The terms of the Credit Facility provide for a $40.0 million letter of credit subcommitment. The Credit Facility also includes a $50.0 million franchise facility subcommitment (the "Franchise Facility Subcommitment"), which covered our previous guarantees of franchise debt. The Franchise Facility Subcommitment matures no later than December 1, 2015. All amounts guaranteed under the Franchise Facility Subcommitment have been settled.

The interest rate charged on borrowings pursuant to the Credit Facility can vary depending on the interest rate option we choose to utilize. Our Base Rate for borrowings is defined to be the higher of Bank of America's prime rate, the Federal Funds Rate plus 0.5%, or an adjusted LIBO Rate plus 1.00%, plus an applicable margin ranging from 0.25% to 1.50%. The applicable margin for our Eurodollar Borrowings ranges from 1.25% to 2.50% depending on our Total Debt to EBITDAR ratio.

A commitment fee for the account of each lender at a rate ranging from 0.300% to 0.450% (depending on our Total Debt to EBITDAR ratio) on the daily amount of the unused revolving commitment of such lender is payable on the last day of each calendar quarter and on the termination date of the Credit Facility. On the first day after the end of each calendar quarter until the termination date of the Credit Facility, we are required to pay a letter of credit fee for the account of each lender with respect to such lender's participation in each letter of credit. The letter of credit fee accrues at the applicable margin for Eurodollar Loans then in effect on the average daily amount of such lender's letter of credit exposure (excluding any portion attributable to unreimbursed letter of credit disbursements) attributable to such letter of credit during the period from and including the date of issuance of such letter of credit to but excluding the date on which such letter of credit expires or is drawn in full. Besides the commitment fee and the letter of credit fee, we are also required to pay a fronting fee on the daily amount of the letter of credit exposure (excluding any portion attributable to unreimbursed letter of credit disbursements) on the tenth day after the end of each calendar quarter until the termination date of the Credit Facility. We must also pay standard fees with respect to issuance, amendment, renewal or extension of any letter of credit or processing of drawings thereunder.

We are entitled to make voluntary prepayments of our borrowings under the Credit Facility at any time, in whole or in part, without premium or penalty. Subject to certain exceptions, mandatory prepayments will be required upon occurrence of certain events, including the revolving credit exposure of all lenders exceeding the aggregate revolving commitment then in effect, sales of certain assets and any additional debt issuances.

Under the terms of the Credit Facility, we had no borrowings outstanding at either December 4, 2012 or June 5, 2012. After consideration of letters of credit outstanding, we had $189.8 million available under the Credit Facility as of December 4, 2012.

The Credit Facility contains a number of customary affirmative and negative covenants that, among others, limit or restrict our ability to incur liens, engage in mergers or other fundamental changes, make acquisitions, investments, loans and advances, pay dividends or other distributions, sell or otherwise dispose of certain assets, engage in certain transactions with affiliates, enter into burdensome agreements or certain hedging agreements, amend organizational documents, change accounting practices, incur additional indebtedness and prepay other indebtedness. In addition, under the Credit Facility, we are required to comply with financial covenants relating to the maintenance of a maximum leverage ratio and a minimum fixed charge coverage ratio and we were in compliance with these financial covenants as of

December 4, 2012. The terms of the Credit Facility require us to maintain a maximum leverage ratio of no more than 4.5 to 1.0 through the fiscal quarter ending on or about June 4, 2013 and 4.25 to 1.0 thereafter and a minimum fixed charge coverage ratio of 1.75 to 1.0 through and including the fiscal quarter ending on or about June 3, 2014 and 1.85 to 1.0 thereafter.

The Credit Facility terminates on December 1, 2015. Upon the occurrence of an event of default, the lenders may terminate the loan commitments, accelerate all loans and exercise any of their rights under the Credit Facility and any ancillary loan documents.

Our $73.3 million in mortgage loan obligations as of December 4, 2012 consists of various loans acquired upon franchise acquisitions. These loans, which mature between March 2013 and November 2022, have balances which range from $0.1 million to $8.2 million and interest rates of 3.91% to 11.28%. Many of the properties acquired from franchisees collateralize the loans outstanding.

During the 26 weeks ended December 4, 2012, we spent $20.0 million to repurchase 2.8 million shares of RTI common stock. As of December 4, 2012, the total number of remaining shares authorized to be repurchased was 3.1 million. We spent $18.4 million to repurchase 2.0 million shares of RTI common stock during the 26 weeks ended November 29, 2011.

During the remainder of fiscal 2013, we expect to fund operations, capital expansion, stock repurchases, and any other investments from cash currently on hand, operating cash flows, proceeds from sale-leaseback transactions, and our Credit Facility.

Significant Contractual Obligations and Commercial Commitments

Long-term financial obligations were as follows as of December 4, 2012 (in thousands):

	Payments Due By Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Notes payable and other long-term debt, including current maturities (a)	$ 71,803	$ 9,826	$ 19,906	$ 22,685	$ 19,386
Senior unsecured notes (a)	238,500	–	–	–	238,500
Interest (b)	159,534	23,564	44,917	41,372	49,681
Operating leases (c)	392,389	47,078	84,920	70,619	189,772
Purchase obligations (d)	132,976	93,989	23,048	15,939	–
Pension obligations (e)	39,954	11,392	6,540	8,750	13,272
Total (f)	$ 1,035,156	$ 185,849	$ 179,331	$ 159,365	$ 510,611

(a) See Note G to the Condensed Consolidated Financial Statements for more information.

(b) Amounts represent contractual interest payments on our fixed-rate debt instruments. Interest payments on our variable-rate notes payable with balances of $4.2 million as of December 4, 2012 have been excluded from the amounts shown above, primarily because the balances outstanding can fluctuate monthly. Additionally, the amounts shown above include interest payments on the Senior Notes at the current interest rate of 7.625%, respectively.

(c) This amount includes operating leases totaling $1.2 million for which sublease income from franchisees or others is expected. Certain of these leases obligate us to pay maintenance costs, utilities, real estate taxes, and insurance, which are excluded from the amounts shown above. See Note F to the Condensed Consolidated Financial Statements for more information.

(d) The amounts for purchase obligations include cash commitments under contract for food items and supplies, advertising, utility contracts, and other miscellaneous commitments.

(e) See Note I to the Condensed Consolidated Financial Statements for more information.

(f) This amount excludes $9.2 million of unrecognized tax benefits due to the uncertainty regarding the timing of future cash outflows associated with such obligations.

Commercial Commitments as of December 4, 2012 (in thousands):

	Payments Due By Period				
	Total	Less than 1 year	1-3 Years	3-5 years	More than 5 Years
Letters of credit	$ 10,227	$ 10,220	$ 7	$ –	$ –
Divestiture guarantees	7,516	884	1,761	1,867	3,004
Total	$ 17,743	$ 11,104	$ 1,768	$ 1,867	$ 3,004

At December 4, 2012, we had divestiture guarantees, which arose in fiscal 1996, when our shareholders approved the distribution of our family dining restaurant business (Morrison Fresh Cooking, Inc., "MFC") and our health care food and nutrition services business (Morrison Health Care, Inc., "MHC"). Subsequent to that date Piccadilly Cafeterias, Inc. ("Piccadilly") acquired MFC and Compass Group ("Compass") acquired MHC. As agreed upon at the time of the distribution, we have been contingently liable for payments to MFC and MHC employees retiring under MFC's and MHC's versions of the Management Retirement Plan and the Executive Supplemental Pension Plan (the two non-qualified defined benefit plans) for the accrued benefits earned by those participants as of March 1996.

We estimated our divestiture guarantees at December 4, 2012 to be $6.7 million for employee benefit plans (all of which resides with MHC following Piccadilly's bankruptcy in fiscal 2004). We believe the likelihood of being required to make payments for MHC's portion to be remote due to the size and financial strength of MHC and Compass.

Accounting Pronouncements Adopted in Fiscal 2013

In June 2011, the Financial Accounting Standards Board ("FASB") issued guidance on the presentation of total comprehensive income, the components of net income, and the components of other comprehensive income. This guidance is intended to improve the comparability, consistency, and transparency of financial reporting and to increase the prominence of items reported in other comprehensive income. The guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011 (our fiscal 2013 first quarter). The adoption of this guidance did not have a material impact on our Condensed Consolidated Financial Statements.

In September 2011, the FASB issued guidance modifying the impairment test for goodwill by allowing businesses to first decide whether they need to do the two-step impairment test. Under the guidance, a business no longer has to calculate the fair value of a reporting unit unless it believes it is very likely that the reporting unit's fair value is less than the carrying value. The guidance is effective for impairment tests for fiscal years beginning after December 15, 2011 (our fiscal 2013 first quarter). The adoption of this guidance did not have a material impact on our Condensed Consolidated Financial Statements.

Accounting Pronouncements Not Yet Adopted

In July 2012, the FASB issued guidance on testing indefinite-lived intangible assets for impairment. Under the guidance, testing the decline in the realizable value (impairment) of indefinite-lived intangible assets other than goodwill has been simplified. The guidance allows an organization the option to first assess qualitative factors to determine whether it is necessary to perform the quantitative impairment test. An organization electing to perform a qualitative assessment is no longer required to calculate the fair value of an indefinite-lived intangible asset unless the organization determines, based on a qualitative assessment, that it is "more likely than not" that the asset is impaired. The guidance is effective for impairment tests for fiscal years beginning after September 15, 2012 (our fiscal 2014). We do not expect the adoption of this guidance to have a material impact on our Condensed Consolidated Financial Statements.

Known Events, Uncertainties and Trends:

Restaurant Closures

As discussed in Note H to the Condensed Consolidated Financial Statements, we incurred impairment charges in the second quarter of fiscal 2013 associated with the planned closing of 13 Marlin & Ray's, one Wok Hay, and two Lime Fresh restaurants, as well as the planned sale of two Truffles restaurants. As of the date of this filing, we have closed all 16 planned restaurants and are focusing on the sale of the two

Truffles restaurants. Accordingly, in conjunction with the closings, our third quarter Closures and Impairments Expense will include costs associated with lease terminations, future lease obligations, severance, and inventory obsolescence charges. For the remainder of fiscal 2013, we anticipate incurring charges of approximately $2.0 million to $5.0 million associated with lease termination and other closing costs. The actual amount of any cash payments made by the Company for lease contract termination costs will be dependent upon ongoing negotiations with the landlords of the leased restaurant properties.

Financial Strategy and Stock Repurchase Plan

Our financial strategy is to utilize a prudent amount of debt, including operating leases, letters of credit, and any guarantees, to minimize the weighted average cost of capital while allowing financial flexibility. This strategy has periodically allowed us to repurchase RTI common stock. During the first two quarters of fiscal 2013, we repurchased 2.8 million shares of RTI common stock at an aggregate cost of $20.0 million. As of December 4, 2012, the total number of remaining shares authorized to be repurchased was 3.1 million. To the extent not funded with cash on hand or cash from operating activities, additional repurchases, if any, may be funded by sale-leaseback transactions and borrowings on the Credit Facility. The repurchase of shares in any particular future period and the actual amount thereof remain at the discretion of the Board of Directors, and no assurance can be given that shares will be repurchased in the future.

Repurchases of Senior Notes

On August 10, 2012, we entered into an amendment of our Credit Facility which allows us to prepay up to $15.0 million of indebtedness in any fiscal year to various holders of the Senior Notes. As discussed in Note G to the Condensed Consolidated Financial Statements, we repurchased $11.5 million of the Senior Notes during the 26 weeks ended December 4, 2012 for $10.9 million plus a negligible amount of accrued interest. We realized a $0.6 million gain on these transactions. As of the date of this filing, we may repurchase an additional $3.5 million of the Senior Notes during the remainder of fiscal 2013. Future repurchases of the Senior Notes, if any, will be funded with available cash on hand, additional sale-leaseback transactions, or borrowings on the Credit Facility.

Transition of Chief Executive Officer

On June 6, 2012, we announced that Samuel E. Beall, III, our founder, President, Chief Executive Officer, and Chairman of the Board of Directors, had decided to step down from management and the Board of Directors. Mr. Beall stepped down on November 30, 2012.

Mr. Beall is entitled to receive his entire $8.1 million pension payment in a lump-sum six months following his retirement and we therefore expect that this payment will be made near the end of fiscal 2013. Due to the significance of Mr. Beall's lump-sum payment to the Executive Supplemental Pension Plan liability as a whole, the payment will constitute a partial plan settlement which will require a special valuation. In addition to the expense we routinely record for the Executive Supplemental Pension Plan, a charge estimated to approximate $2.8 million will then be recorded, representing the recognition of a pro rata portion (calculated as the percentage reduction in the projected benefit obligation due to the lump-sum payment) of the then unrecognized loss recorded within accumulated other comprehensive income.

On December 1, 2012, James J. Buettgen became President and CEO of the Company. See Note K to the Condensed Consolidated Financial Statements for a discussion of share-based compensation awards Mr. Buettgen received upon his appointment as CEO.

Second Tranche of Sale-Leaseback Transactions

Over the last several fiscal quarters, we have been pursuing sale-leaseback transactions on a portion of our real estate in order to create financial flexibility. We targeted to raise approximately $55.0 million of gross proceeds from our first tranche of sale-leaseback transactions, of which $51.9 million had been raised as of December 4, 2012. These proceeds were utilized for general corporate purposes, including the repurchase of shares of our common stock, capital expenditures, and debt reduction.

Given our viewpoint that capitalization rates have become more favorable over the last quarter, we are now pursuing a smaller second tranche of up to 20 sale-leaseback properties in order to raise additional proceeds of approximately $40.0 million to $45.0 million, of which $2.3 million was realized during the current quarter and $12.0 million to $16.0 million is expected to be realized during the remainder of fiscal 2013. Since December 4, 2012, we have raised an additional $4.7 million. We anticipate the second tranche of sale-leaseback transactions to be completed over the next five to six fiscal quarters.

American Taxpayer Relief Act of 2012

On January 2, 2013, the American Taxpayer Relief Act of 2012 ("ATRA") was signed into law by President Barack Obama. ATRA's main tax features impacting the Company, among other features, include 15-year tax depreciation for qualified leasehold improvements and new restaurant construction, extension of 50% bonus depreciation for investment in qualified property placed in service prior to January 1, 2014, and a retroactive extension of the Work Opportunity Tax Credit and Empowerment Zones Tax Credit.

Dividends

During fiscal 1997, our Board of Directors approved a dividend policy as an additional means of returning capital to our shareholders. The payment of a dividend in any particular period and the actual amount thereof remain at the discretion of the Board of Directors, and no assurance can be given that dividends will be paid in the future.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Disclosures about Market Risk

We are exposed to market risk from fluctuations in interest rates and changes in commodity prices. The interest rate charged on our Credit Facility can vary based on the interest rate option we choose to utilize. Our Base Rate for borrowings is defined to be the higher of Bank of America's prime lending rate, the Federal Funds Rate plus 0.5%, or an adjusted LIBO Rate plus 1.00%, plus an applicable margin ranging from 0.25% to 1.50%. The applicable margin for our Eurodollar Borrowings ranges from 1.25% to 2.50%. As of December 4, 2012, the total amount of outstanding debt subject to interest rate fluctuations was $4.2 million. A hypothetical 100 basis point change in short-term interest rates would result in an increase or decrease in interest expense of an insignificant amount per year, assuming a consistent capital structure.

Many of the ingredients used in the products we sell in our restaurants are commodities that are subject to unpredictable price volatility. This volatility may be due to factors outside our control such as weather and seasonality. We attempt to minimize the effect of price volatility by negotiating fixed price contracts for the supply of key ingredients. Historically, and subject to competitive market conditions, we have been able to mitigate the negative impact of price volatility through adjustments to average check or menu mix.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation and under the supervision of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of December 4, 2012.

Changes in Internal Controls

During the fiscal quarter ended December 4, 2012, there were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are presently, and from time to time, subject to pending claims and lawsuits arising in the ordinary course of business, including claims relating to injury or wrongful death under “dram shop” laws, workers’ compensation and employment matters, claims relating to lease and contractual obligations, and claims from guests alleging illness or injury. We provide reserves for such claims when payment is probable and estimable in accordance with U.S. generally accepted accounting principles. At this time, in the opinion of management, the ultimate resolution of pending legal proceedings will not have a material adverse effect on our consolidated operations, financial position, or cash flows. See Note L to the Condensed Consolidated Financial Statements for further information about our legal proceedings as of December 4, 2012.

ITEM 1A. RISK FACTORS

Information regarding risk factors appears in our Annual Report on Form 10-K for the year ended June 5, 2012 in Part I, Item 1A. Risk Factors. There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table includes information regarding purchases of our common stock made by us during the quarter ending December 4, 2012:

Period	(a) Total number of shares purchased (1)	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans or programs (1)	(d) Maximum number of shares that may yet be purchased under the plans or programs (2)
Month #1 (September 5 to October 9)	173,416	$6.73	173,416	5,382,002
Month #2 (October 10 to November 6)	892,091	$7.29	892,091	4,489,911
Month #3 (November 7 to December 4)	1,345,210	$7.43	1,345,210	3,144,701

(1) No shares were repurchased other than through our publicly-announced repurchase programs and authorizations during the second quarter of our year ending June 4, 2013.

(2) As of December 4, 2012, 3.1 million shares remained available for purchase under existing programs. The timing, price, quantity, and manner of the purchases to be made are at the discretion of management upon instruction from the Board of Directors, depending upon market conditions. The repurchase of shares in any particular future period and the actual amount thereof remain at the discretion of the Board of Directors, and no assurance can be given that shares will be repurchased in the future.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Second Amendment to the Ruby Tuesday, Inc. Severance Pay Plan
On January 9, 2013, the Ruby Tuesday, Inc. Board of Directors approved the Second Amendment to the Ruby Tuesday, Inc. Severance Pay Plan ("Severance Plan"). Prior to the amendment, the Severance Plan provided that an employee classified with the title of Senior Vice President or above would receive a lump-sum payment of two times the employee's base salary in the event the employee is terminated under certain circumstances. The amended Severance Plan provides for a lump-sum payment to employees classified with the title of Vice President or above. It also provides that the amount of the lump-sum payments is determined by reference to a graduated scale based upon years of service to the Company, with the maximum payment for Vice President-level employees of 100% of base salary and the maximum payment for Senior Vice President-level and above employees of 200% of base salary. In addition, the amended Severance Plan provides that employees who are receiving certain retirement benefits as of the date of termination are not eligible for participation in the Severance Plan.

The foregoing does not purport to be a complete summary of the Severance Plan. Nor does it purport to be a complete summary of the Second Amendment to the Ruby Tuesday, Inc. Severance Pay Plan, which is filed as Exhibit 10.2 and incorporated herein by reference.

Share Repurchase Authorization
On January 8, 2013, the Ruby Tuesday, Inc. Board of Directors authorized the repurchase of an additional 10.0 million shares of RTI common stock, bringing the total available for repurchase to 12.7 million shares as of January 8, 2013.

Index

ITEM 6. EXHIBITS

The following exhibits are filed as part of this report:

Exhibit No.	
10.1	Employment Agreement dated as of November 16, 2012, by and between Ruby Tuesday, Inc. and James J. Buettgen.
10.2	Second Amendment, dated as of January 9, 2013, to the Ruby Tuesday, Inc. Severance Pay Plan.
10.3	Indenture, dated as of January 9, 2013, to the Ruby Tuesday, Inc. Cafeteria Plan.
10.4	Fourth Amendment, dated as of November 30, 2012, to the Ruby Tuesday, Inc. Executive Supplemental Pension Plan (Amended and Restated as of January 1, 2007).
10.5	Sixth Amendment, dated as of October 31, 2012, to the Ruby Tuesday, Inc. 2005 Deferred Compensation Plan.
10.6	First Amendment, dated as of November 30, 2012, to the Ruby Tuesday, Inc. Executive Life Insurance Premium Plan.
31.1	Certification of James J. Buettgen, President and Chief Executive Officer.
31.2	Certification of Michael O. Moore, Executive Vice President, Chief Financial Officer.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Schema Document.
101.CAL	XBRL Calculation Linkbase Document.
101.DEF	XBRL Definition Linkbase Document.
101.LAB	XBRL Labels Linkbase Document.
101.PRE	XBRL Presentation Linkbase Document.

Index

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RUBY TUESDAY, INC.
(Registrant)

Date: January 11, 2013

BY: /s/ MICHAEL O. MOORE

Michael O. Moore
Executive Vice President – Chief Financial Officer,
Treasurer, and Assistant Secretary
(Principal Financial Officer)

Date: January 11, 2013

BY: /s/ FRANKLIN E. SOUTHALL, JR.

Franklin E. Southall, Jr.
Vice President – Corporate Controller and
Principal Accounting Officer
(Principal Accounting Officer)

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "**Agreement**") is dated as of November 16, 2012, by and between Ruby Tuesday, Inc., a Georgia corporation (the "**Company**"), and James J. Buettgen ("**Executive**"). This Agreement shall become effective immediately; *provided* that Executive shall not begin employment with the Company until December 1, 2012 (such date, the "**Start Date**"), unless otherwise agreed in writing by the parties.

WHEREAS, effective as of the Start Date the Company wishes to employ Executive in an executive capacity on the terms and conditions, and for the consideration, hereinafter set forth, and Executive wishes to be employed by the Company on such terms and conditions and for such consideration.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, and for other good and valuable consideration, it is hereby covenanted and agreed by the Executive and the Company as follows:

1. **Employment, Duties and Acceptance**.

(a) The Company shall employ Executive, and Executive agrees to be employed, during the Term (as defined below in Section 2) as the President and Chief Executive Officer of the Company. Executive shall be responsible for carrying out the policies and directives of the Company's Board of Directors (the "**Board**") and shall report directly to the Board. For the avoidance of doubt, Executive shall be the senior-most executive of the Company, with duties, responsibility and authority commensurate with such position.

(b) Executive shall be appointed as a non-independent director of the Board effective as of the Start Date and shall not receive any additional compensation for such service.

(c) The duties to be performed by Executive hereunder shall be performed primarily at the Company's Restaurant Support Center in Maryville, Tennessee, subject to reasonable travel requirements on behalf of the Company.

2. **Term**. As used herein, the "**Term**" means the period commencing on the Start Date and continuing until either Executive or the Company terminates Executive's employment pursuant to Section 6.

3. **Salary and Annual Bonus**. During the Term, Executive shall be entitled to the following compensation:

(a) *Base Salary*. The Company agrees to pay to Executive a base salary in cash (the "**Base Salary**") as compensation for the services to be performed by Executive, which initially shall be at the rate of $800,000 per fiscal year, paid in accordance with the Company's customary payroll procedures and which Base Salary may be increased from time to time but not decreased. Notwithstanding the foregoing, Base Salary may be decreased at any time with Executive's consent. Executive's base salary as in effect from time to time shall constitute the "**Base Salary**" for purposes of this Agreement.

(b) *Annual Bonus*. Executive shall be eligible to receive an annual cash bonus award (the "**Annual Bonus**") pursuant to the terms of the Company's Executive Incentive Compensation Plan, based upon the extent to which any performance targets associated therewith are satisfied. Executive shall have a target bonus equal to 100% of Base Salary and a maximum bonus equal to 200% of Base Salary. The Annual Bonus shall be paid out in accordance with the terms of the Company's Executive Incentive Compensation Plan, but in no event shall the Annual Bonus be paid later than two and a half months following the end of the calendar year that ends immediately after the fiscal year for which the Annual Bonus relates. For fiscal year 2013 ending June 4, 2013, the Company guarantees Executive an Annual Bonus at target payout or based on actual performance, whichever is greater.

4. **Long-Term Incentives**.

(a) *Initial Award*. As of the Start Date, Executive shall receive an initial award valued at $1.6 million as of the Start Date comprised of one-third service-based restricted stock, one-third performance-based restricted stock and one-third performance-based cash incentive (using the Company's ordinary course methodology of valuing such awards). The service-based restricted stock shall cliff vest after 30 months following the Start Date and shall be further subject to a six-month holding period from the date of such vesting. The performance-based restricted stock shall have a one-year performance period ending June 4, 2013 at the end of which shares shall be earned based on the extent, if any, to which performance targets are achieved. Any performance-based restricted stock that is earned shall cliff vest 30 months following the Start Date and shall be further subject to a six-month holding period from the date of such vesting. The performance-based cash incentive shall also carry a one-year performance period ending June 4, 2013 at the end of which the award shall be earned based on the extent, if any, to which performance targets are achieved. Any performance-based cash incentive that is earned shall vest and be payable in two tranches with 50% of the award paid 18 months following the Start Date and the remaining 50% paid 12 months from the date of the first payment. Service-based restricted stock and the portions of performance-based restricted stock and performance-based cash incentive that are earned shall vest in full (i) upon Executive's death or Executive's Disability (as defined below in Section 6(a)), (ii) upon the occurrence of a Termination Without Cause (as defined below in Section 6(a)) and (iii) immediately prior to the effectiveness of a Change in Control (as defined below in Section 6(a)). A prorated portion (equal to: (A) the sum of (I) the number of completed full months since the Start Date and (II) 12 months; divided by (B) 30 months) of the service-based restricted stock and prorated portion of performance-based restricted stock and performance-based cash incentive that are earned shall vest early in the event of a Resignation For Good Reason (as defined below in Section 6(a)). For fiscal year 2013 ending June 4, 2013, the Company shall guarantee earning of the performance-based restricted stock and performance-based cash incentive at the target level or based on actual performance, whichever is greater.

(b) *Make-Whole Award*. As of the Start Date, Executive shall receive an equity award valued at $2.5 million as of the Start Date comprised of $1.4 million of service-based restricted stock and $1.1 million of service-based stock options (the "**Make-Whole Award**") (using the Company's ordinary course methodology of valuing such awards). The service-based restricted stock shall cliff vest after 30 months following the Start Date and shall be further subject to a six-month holding period from the date of such vesting. The service-based stock options shall vest in equal annual installments over the three years following the Start Date and shall be exercisable for seven years following the Start Date. Service-based restricted stock and service-based stock options shall vest in full (i) upon Executive's death or Executive's Disability or (ii) immediately prior to the effectiveness of a Change in Control. A prorated portion (equal to: (A) the sum of (I) the number of completed full months since the Start Date and (II) 12 months; divided by (B) 30 months) of the service-based restricted stock and a prorated portion (equal to: (A) the sum of (I) the number of completed full months since the Start Date and (II) 12 months; divided by (B) 36 months) of the service-based stock options shall vest early in the event of a Termination Without Cause or Resignation For Good Reason. The Make-Whole Award shall be subject to a non-compete agreement such that, upon vesting, Executive shall be prohibited from accepting employment with or otherwise providing services to those competitors of the Company identified in the Company's Severance Plan (as may be amended from time to time in accordance with its terms, the "**Severance Plan**") for a period of two years from the date of such vesting.

(c) *High-Performance Award*. As incentive to join the Company, as of the Start Date, Executive shall receive an award of 250,000 shares of service-based restricted stock, 250,000 service-based stock options and 250,000 performance-based stock options (the "**High-Performance Award**"). The service-based restricted stock shall cliff vest after 30 months following the Start Date and be further subject to a six-month holding period from the date of such vesting. The service-based stock options shall vest in equal annual installments over the three years following the Start Date and shall be exercisable for seven years following the Start Date. Service-based restricted stock and service-based stock options shall vest in full (i) upon Executive's death or Executive's Disability or (ii) immediately prior to the effectiveness of a Change in Control. A prorated portion (equal to: (A) the sum of (I) the number of completed full months since the Start Date and (II) 12 months; divided by (B) 30 months) of the service-based restricted stock and a prorated portion (equal to: (A) the sum of (I) the number of completed full months since the Start Date and (II) 12 months; divided by (B) 36 months) of the service-based stock options shall vest early in the event of a Termination Without Cause The performance-based stock options shall be earned in the event the Company's stock price appreciates to $14 per share (or more) for a period of 20 consecutive trading days within the first three years of Executive's employment with the Company. In the event such stock options are earned, they shall vest immediately and be exercisable until the seventh anniversary of the Start Date. The High-Performance Award shall be subject to a non-compete agreement such that, upon vesting, Executive shall be prohibited from accepting employment with or otherwise providing services to those competitors of the Company identified in the Severance Plan for a period of two years thereafter.

(d) *Annual Equity Awards*. During the Term following fiscal 2013, Executive shall be eligible to receive future equity awards of such type, of such amount and with such terms and conditions as determined in the sole discretion of the Compensation Committee of the Board.

5. **Employee Benefits**.

(a) *General.* During the Term, Executive shall be eligible to participate in the Company's benefit programs applicable generally to other senior executive officers of the Company in accordance with the terms and conditions of such programs; *provided* that Executive shall receive credit for years of service with his current employer (not taking into account any years of service preceding any break in service) for determining eligibility and vesting under the Company's Executive Life Insurance Plan (as may be amended from time to time in accordance with its terms).

(b) *Vacation*. During the Term, Executive shall be entitled to four (4) weeks of paid vacation time annually in accordance with applicable Company policies; *provided* that Executive shall schedule the timing and duration of Executive's vacations in a reasonable manner taking into account the needs of the business of the Company.

(c) *Business Expenses*. The Company shall reimburse Executive for all reasonable expenses incurred by Executive in the course of performing Executive's duties under this Agreement that are consistent with the Company's policies in effect from time to time with respect to travel, entertainment and other business expenses, subject to the Company's requirements with respect to reporting and documentation of such expenses.

(d) *Retirement*.

(i) During the Term, Executive shall be eligible to participate in the Company's Deferred Compensation Plan (as may be amended from time to time in accordance with its terms) in accordance with the terms and conditions of such plan; *provided* that Executive shall receive credit for years of service with his current employer (not taking into account any years of service preceding any break in service) for determining eligibility, vesting and Company contributions under such plan.

(ii) During the Term, Executive shall be eligible to participate in the Company's Executive Supplemental Pension Plan (as may be amended from time to time in accordance with its terms (the "**ESPP**")) in accordance with the terms and conditions of such plan; *provided* that, if Executive remains employed by the Company on the third anniversary of the Start Date, Executive shall receive credit for years of service with his current employer (not taking into account any years of service preceding any break in service) for determining vesting under the ESPP. For the avoidance of doubt, such service credit shall not be taken into account for benefit accrual purposes under the ESPP.

6. Termination.

(a) *Events of Termination*. Following the Start Date, Executive's employment with the Company shall terminate (the date of such termination being the "**Termination Date**") upon any of the following:

(i) Executive's death ("**Termination Upon Death**");

(ii) the effective date set forth in a written notice (which effective date shall not pre-date the date on which the notice is delivered) sent to Executive stating the Company's determination that Executive is terminated as a result of Executive's Disability ("**Termination For Disability**");

(iii) the effective date set forth in a written notice (which effective date shall not pre-date the date on which the notice is delivered) sent to Executive stating the Company's determination that it is terminating Executive's employment for Cause ("**Termination For Cause**"); *provided, however*, that, (A) the Company must provide notice of a Cause event within 30 days after the later to occur of (x) the act or omission providing Cause, (y) the Company's actual knowledge of the act or omission providing Cause or (z) the date on which the Company should reasonably have knowledge of the act or omission providing Cause and, (B) if such act or omission is susceptible to remediation, the Executive shall be provided 30 days following such notice to remedy such act or omission which constitutes Cause and following any such remedy the Company shall no longer have Cause to terminate Executive's employment (*it being understood* that Executive shall be permitted to waive his opportunity to remedy such act or omission).

(iv) the effective date set forth in a written notice (which shall not be less than 60 days following the date such notice is provided) sent to Executive stating that the Company is terminating Executive's employment without Cause, which notice can be given by the Company at any time after the Start Date at the Company's sole discretion, for any reason or for no reason ("**Termination Without Cause**") (*it being understood that* Executive shall be permitted to waive all or a portion of the notice period);

(v) the effective date set forth in a written notice (which shall not be less than 60 days following the date such notice is provided) sent to the Company from Executive (other than a notice delivered pursuant to Section 6(a)(vi) of this Agreement) stating that Executive is electing to terminate Executive's employment with the Company without Good Reason ("**Resignation Without Good Reason**") (*it being understood that* the Company shall be permitted to waive all or a portion of the notice period); or

(vi) the effective date set forth in a written notice to the Company (such effective date taking into account the Company's cure right set forth below) stating Executive's determination that a Good Reason event has occurred and, as a consequence, Executive is electing to terminate Executive's employment for Good Reason ("**Resignation For Good Reason**"); *provided, however*, that, (A) Executive must provide notice of a Good Reason event within 30 days after the later to occur of (x) the act or omission which constitutes Good Reason, (y) Executive's actual knowledge of the act or omission constituting Good Reason or (z) the date on which Executive should reasonably be expected to have knowledge of the act or omission constituting Good Reason, (B) the Company shall be provided 30 days following such notice to remedy such act or omission which constitutes Good Reason and following any such remedy Executive shall no longer have Good Reason to terminate employment (*it being understood* that the Company shall be permitted to waive its opportunity to remedy such act or omission), and (C) if the Company does not, or is not able to, remedy such act or omission which constitutes Good Reason, Executive must terminate his employment within the shorter of (x) 60 days after the occurrence of such act or omission or (y) 15 days following the Company's notice of waiver of its opportunity to remedy such act or omission.

As used herein, the term "**Cause**" shall mean conduct amounting to: (i) fraud or dishonesty in the performance of Executive's duties with the Company or its affiliates, (ii) willful misconduct, refusal to follow the reasonable directions of the Board, or knowing violation of law, rules or regulations (including misdemeanors relating to public intoxication, driving under the influence, use or possession of controlled substances or relating to conduct of a similarly nature), (iii) acts of moral turpitude or personal conduct in violation of the Company's Code of Business Conduct and Ethics, (iv) repeated and extended absence from work without reasonable excuse, (v) a conviction or plea of guilty or *nolo contendere* to a felony, or (vii) a material breach or violation of the terms of any agreement to which Executive and the Company (or any affiliate) are party.

As used herein, the term "**Change in Control**" shall mean any one of the following events:

(A) the acquisition by any individual, entity or "group" (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Securities Exchange Act of 1934 (a "**Person**") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934) of voting securities of the Company where such acquisition causes any such Person to own twenty-five percent (25%) or more of the combined voting power of the then outstanding voting securities then entitled to vote generally in the election of directors (the "**Outstanding Voting Securities**"); *provided, however*, that the following shall not constitute a Change in Control: (1) any acquisition directly from the Company, unless such a Person subsequently acquires additional shares of Outstanding Voting Securities other than from the Company; or (2) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any affiliate;

(B) within any twelve-month period (beginning on or after the Start Date), the persons who were directors of the Company immediately before the beginning of such twelve-month period (the "**Incumbent Directors**") shall cease to constitute at least a majority of the Board; *provided* that any director who was not a director as of the Start Date shall be deemed to be an Incumbent Director if that director was elected to the Board by, or on the recommendation of or with the approval of, at least two-thirds of the directors who then qualified as Incumbent Directors; *provided further* that no director whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors shall be deemed to be an Incumbent Director;

(C) the consummation of a reorganization, merger or consolidation, with respect to which persons who were the stockholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than fifty percent (50%) of the combined voting power entitled to vote in the election of directors of the reorganized, merged or consolidated company's then outstanding voting securities;

(D) the sale, transfer or assignment of all or substantially all of the assets of the Company and its affiliates to any third party; or

(E) the liquidation or dissolution of the Company.

As used herein, the term "**Disability**" shall mean Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can reasonably be expected to result in death or last for a continuous period of not less than 12 months.

As used herein, the term "**Good Reason**" shall mean, without Executive's consent: (i) any change of Executive's principal place of employment to a location more than 50 miles from Maryville, Tennessee; (ii) any material reduction in Executive's authority, duties or responsibilities, including, for the avoidance of doubt, any change that results in Executive either (A) not acting as the senior-most executive of the Company or (B) directly reporting to anyone other than the Board; (iii) any reduction in Executive's Base Salary; (iv) any failure by the Company to pay

Executive's Annual Bonus in accordance with Section 3(b) or to grant the long-term incentives provided in Section 4; or (v) any other breach of this Agreement that is material and fundamental to the entirety of the Agreement by the Company.

(b) *Effect of Termination*.

(i) *Death or Disability*. In the event of Termination Upon Death or Termination For Disability pursuant to Section 6(a)(i) or 6(a)(ii), as applicable, Executive (or Executive's legal representative) shall be entitled to receive the following benefits:

(A) an amount in cash equal to any accrued but unpaid Base Salary owed by the Company to Executive as of the Termination Date (the "**Accrued Base Salary**");

(B) any earned but unpaid Annual Bonus with respect to fiscal years completed prior to the Termination Date (the "**Accrued Bonus**", and together with the Accrued Base Salary, the "**Accrued Obligations**"); and

(C) the benefits set forth in Section 4 (*it being understood* that any outstanding cash or equity awards that do not vest shall be forfeited).

(ii) Termination For Cause and Resignation Without Good Reason. In the event of a Termination For Cause or Resignation Without Good Reason pursuant to Section 6(a)(iii) or 6(a)(v), as applicable, Executive shall be entitled to receive in cash an amount equal to any Accrued Base Salary. For the avoidance of doubt, any unvested cash or equity awards shall be forfeited.

(iii) Termination Without Cause and Resignation For Good Reason. In the event of Termination Without Cause or Resignation For Good Reason pursuant to Section 6(a)(iv) or 6(a)(vi), as applicable, Executive shall be entitled to receive the following benefits:

(A) an amount in cash equal to any Accrued Obligations; and

(B) subject to Executive's (1) execution of a general waiver and release of claims against the Company and its affiliates within 45 days following the Termination Date and non-revocation of such general waiver and release of claim, during any statutory revocation period and (2) continued compliance with the Leadership Covenants (as defined below), an amount equal to 300% of Base Salary payable in a lump sum payment on the 60th day following the Termination Date (the "**Severance Payment**") and the benefits set forth in Section 4 (*it being understood* that any outstanding cash or equity awards that do not vest shall be forfeited).

For the avoidance of doubt, Executive shall not be eligible for any other severance or similar payment or benefit under any other agreement, plan or policy, including the Severance Plan and any Severance Payment made to Executive will be subject to a clawback if Executive breaches any of the Leadership Covenants.

(iv) *Upon Termination For Any Reason*. In the event of any termination, Executive shall be entitled to receive:

(A) any unpaid reimbursements relating to business expenses incurred by Executive prior to the Termination Date in accordance with Section 5(c); and

(B) entitlements under any other Company benefit plan or program as determined thereunder.

(c) *Additional Provisions*. Executive agrees that termination of Executive's employment for any reason shall, with no further action by the Company or Executive required, constitute Executive's resignation, effective as of the Termination Date, from all positions as an officer, director or representative of the Company and any parent, subsidiary or affiliate of the Company.

7. Relocation.

(a) Executive shall relocate to the Company's Restaurant Support Center no later than September 20, 2013. Executive shall have access to the RT Lodge Carriage House and shall be reimbursed for travel to and from the Company's Restaurant Support Center in Maryville, Tennessee until Executive's relocation is complete.

(b) In connection with Executive's relocation to Tennessee, Executive shall be provided with a van line move that includes pack, load and unload and Executive shall be reimbursed for reasonable expenses associated with house hunting trips. The Company shall also reimburse Executive up to eight percent (8%) of the sales price of his current home to cover real estate commissions and closing expenses.

(c) To the extent Executive purchases a home in Tennessee before the sale of his current home is completed, the Company shall reimburse Executive for the lesser of the cost of maintaining (i) Executive's home in Tennessee or (ii) Executive's current home, for up to six months after Executive purchases a home in Tennessee. The expenses eligible for reimbursement include Executive's mortgage and any reasonably incurred incremental expenses arising from such maintenance.

(d) For the avoidance of doubt, the Company shall not provide any gross-up payments to Executive in connection with any reimbursement.

8. **Leadership Covenant Agreement**. Concurrently with the execution of this Agreement (but effective as of the Start Date), Executive shall enter into a Leadership Covenant Agreement in a form generally entered into by other senior executives of the Company. The Leadership Covenant Agreement shall include, but is not limited to, the following provisions:

(a) the requirement that Executive keep certain information confidentiality during employment and for three years following any termination of employment;

(b) an agreement by Executive not to solicit employees of the Company during employment and for three years following any termination of employment;

(c) the requirement that Executive keep trade secrets confidential during employment and for the maximum period of time allowed under applicable law following any termination of employment; and

(d) a covenant that Executive shall not be employed by any other organization or entity while he is employed by the Company (such provisions in (a)-(d), the "**Leadership Covenants**").

9. **Non-Disparagement**. Executive shall not, during and after employment with the Company, make any disparaging remarks to the public regarding the Company or otherwise attempt to cast the Company, its executive officers or the members of the Board in an unfavorable light. The Company shall direct its executive officers and the members of the Board to not, during and after Executive's employment with the Company, make any disparaging remarks to the public regarding Executive or otherwise attempt to cast Executive in an unfavorable light.

10. **Representations and Covenants by Executive**. Executive represents and warrants that either he has not entered into any agreement with a current or prior employer that contains a non-compete, confidentiality, non-solicitation or similar provision that would affect his ability to be employed by and provide services to the Company as contemplated by this Agreement or he has been released in writing from any such commitments.

11. **Cooperation**. For a period of six months following the Termination Date, Executive shall fully cooperate with the Company and make himself available to assist the Company in transitioning any duties or responsibilities to his successor. Executive shall also fully cooperate and consult with the Company, answer questions for the Company and provide information as needed by the Company from time to time on a reasonable basis, including but not limited to cooperation in connection with litigation, audits, investigations, claims or personnel matters that arise or have arisen over actions or matters that occurred or failed to occur during Executive's employment with the Company. Executive agrees to assist the Company as a witness or during any audit, investigation, or litigation (including depositions, affidavits and trial) if requested by the Company. Executive agrees to meet at reasonable times and places with the Company's representatives, agents or attorneys for purposes of defending or prosecuting any claims or for preparing for testimony. To the extent practicable and within the control of the Company, the Company will use its reasonable best efforts to schedule the timing of Employee's participation in any such activities in a reasonable manner to take into account Employee's then current employment, and will pay the reasonable documented out-of-pocket expenses that the

Company pre-approves and that Executive incurs for travel required by the Company with respect to those activities.

12. Indemnification. To the fullest extent permitted by the indemnification provisions of the articles of incorporation and bylaws of the Company in effect from time to time, any Indemnification Agreement entered into between Executive and the Company, and the indemnification provisions of the corporation statute of the jurisdiction of the Company's incorporation in effect from time to time, and in each case subject to the conditions thereof, the Company shall (i) indemnify Executive, as a director and officer of the Company, a trustee or fiduciary of an employee benefit plan of the Company and in any other capacity in which Executive is serving at the Company's request, against all liabilities and reasonable expenses that Executive may incur in any threatened, pending, or completed action, suit or proceeding, whether civil, criminal or administrative, or investigative and whether formal or informal, because Executive is or was a director or officer of the Company or a trustee or fiduciary of such employee benefit plan or in connection with Executive's service in any other capacity at the request of the Company, and against which Executive may be indemnified by the Company, and (ii) pay for or reimburse the reasonable expenses incurred by Executive in the defense of any proceeding to which Executive is a party because Executive is or was a director or officer of the Company or a trustee or fiduciary of such employee benefit plan or served in any other capacity at the request of the Company and to do so in advance of the final disposition of such proceeding upon receipt of the required written affirmation from Executive regarding his conduct and his undertaking to repay if it is determined that he was not entitled to indemnification.

13. Clawback. Any compensation awarded to Executive under this Agreement or otherwise will be subject to the terms of the Company's Executive Compensation Clawback Policy (as may be amended from time to time in accordance with its terms).

14. Withholding Taxes. The Company may withhold from any amounts payable to Executive hereunder all federal, state, city or other taxes that the Company may reasonably determine are required to be withheld pursuant to any applicable law.

15. Assignment. This Agreement is binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Executive shall not assign or transfer any rights or obligations hereunder. The Company shall have the right to assign or transfer any rights or obligations hereunder only to (i) a successor entity in the event of a merger, consolidation or transfer or sale of all or substantially all the equity or assets of the Company or (ii) an affiliate of the Company. Any purported assignment, other than as provided above, shall be null and void.

16. Notices. All notices, requests, consents and other communications required or permitted to be given hereunder, shall be in writing and shall be delivered personally or sent by prepaid telegram, facsimile transmission, overnight courier or mailed, first class, postage prepaid by registered or certified mail, as follows:

If to the Company: Ruby Tuesday, Inc.
150 West Church Avenue
Maryville, Tennessee 37801
Attention: General Counsel
Facsimile No.: (865) 379-6826

If to Executive: To Executive's address as reflected on the payroll records of the Company

with a copy to:

Shearman & Sterling LLP
599 Lexington Avenue
New York, NY 10022
Attention: John J. Cannon III
Facsimile: (646) 848-8159

or such other address as either party shall designate by notice in writing to the other in accordance herewith. Any such notice shall be deemed given when so delivered personally, by facsimile transmission or telegram, or if sent by overnight courier, one day after delivery to such courier by the sender or if mailed, five days after deposit by the sender in the U.S. mails.

17. Entire Agreement; Waiver. This Agreement shall constitute the entire agreement between Executive and the Company concerning the subject matter hereof. This Agreement supersedes and preempts any prior employment agreement or other understandings, agreements or representations by or among the parties, written or oral, that may have related to the subject matter hereof (including any related oral discussions, e-mail or text exchanges or termsheet). No provisions of this Agreement may be amended, modified, waived or discharged unless such amendment, waiver, modification or discharge is agreed to in writing, signed by Executive and an authorized officer of the Company. Neither the waiver by either of the parties hereto of a breach of or a default under any of the provisions of this Agreement, nor the failure of either of the parties, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder, shall thereafter be construed as a waiver of any subsequent breach or default of a similar nature, or as a waiver of any such provisions, rights or privileges hereunder.

18. No Right to Continued Employment. Executive and the Company recognize and agree that, subject to the terms of this Agreement, Executive's employment by the Company is "at will" and that (a) the Company may terminate Executive's employment at any time, for any reason or no reason at all and (b) Executive may terminate his employment at any time, for any reason or no reason at all.

19. Arbitration. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The decision of the arbitrator shall be final and binding on the parties and judgment upon the award rendered by the arbitrator may be entered in any federal or state court located in Knox or Blount County, Tennessee. The Company and Executive agree to share equally the fees and expenses associated with the arbitration proceedings.

20. Headings. Section and subsection headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

21. **Governing Law**. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Tennessee, without regard to the choice of law provisions thereof.

22. **Full Settlement**. Executive acknowledges and agrees that, subject to the payment by the Company of the amounts provided in this Agreement to Executive, in no event will the Company nor any subsidiary or affiliate thereof be liable to Executive for damages under any claim of breach of contract as a result of the termination of Executive's employment; *provided* that this Section 22 shall not apply to any termination of this Agreement by the Company prior to the Start Date. In the event of any such termination after the Start Date, the Company shall be liable only to provide to Executive, or Executive's heirs or beneficiaries, the amounts payable to Executive specified in this Agreement.

23. **Section 409A**.

(a) It is intended that this Agreement will comply with Section 409A of the Internal Revenue Code ("**Section 409A**") to the extent the Agreement is subject thereto, and the Agreement shall be interpreted on a basis consistent with such intent. If an amendment of the Agreement is necessary in order for it to comply with Section 409A, the parties hereto will negotiate in good faith to amend the Agreement in a manner that preserves the original intent of the parties to the extent reasonably possible. No action or failure to act pursuant to this Section 23 shall subject the Company to any claim, liability or expense, and the Company shall not have any obligation to indemnify or otherwise protect Executive from the obligation to pay any taxes, interest or penalties pursuant to Section 409A.

(b) Notwithstanding any provision of this Agreement to the contrary, for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment, references to Executive's "termination of employment" (and corollary terms) with the Company shall be construed to refer to the Executive's "separation from service" with the Company. Any payments or distributions to be made to Executive under this Agreement upon a separation from service of amounts classified as "nonqualified deferred compensation" for purposes of Section 409A, shall in no event be made or commence until six months after such separation from service if Executive is determined to be a specified employee (all as determined under Section 409A).

(c) With respect to any reimbursement or in-kind benefit plans, policies or arrangements of the Company that constitute deferred compensation for purposes of Section 409A, except as otherwise permitted by Section 409A, the following conditions shall be applicable: (i) the amount eligible for reimbursement, or in-kind benefits provided, under any such plan, policy or arrangement in one calendar year may not affect the amount eligible for reimbursement, or in-kind benefits to be provided, under such plan, policy or arrangement in any other calendar year (except that the health and dental plans may impose a limit on the amount that may be reimbursed or paid), (ii) any reimbursement must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred, and (iii) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

24. **Compliance**. Executive agrees to comply with all of the Company's policies. Executive understands that the policies and benefits communicated to him are subject to modification, interpretation, review and termination by the Company in its discretion at any time.

25. **Severability**. The invalidity or unenforceability of any one or more provisions of this Agreement shall not affect the validity or enforceability of the other provisions of this Agreement, which shall remain in full force and effect.

26. **Survival**. The duties and obligations contained in Sections 9, 11, 12, 13 and 19 shall survive the termination of this Agreement.

27. **Counterparts**. This Agreement and any modification or amendment hereto may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all of which together shall constitute one and the same instrument, and shall become effective when one or more counterparts hereof or thereof have been signed by each Party. Delivery of an executed counterpart signature page of this Agreement or any modification or amendment hereto by facsimile or transmitted electronically in a Tagged Image File Format, Portable Document Format, or other electronic format sent by electronic mail shall be effective as delivery of a manually executed counterpart hereof or thereof. Any Party delivering an executed counterpart of this Agreement or any modification or amendment hereto by facsimile or by email shall also deliver a manually executed counterpart hereof or thereof, but failure to do so shall not affect the validity, enforceability or binding effect of this Agreement, and the Parties hereby waive any right they may have to object to such treatment.

[*Remainder of page left intentionally blank*]

IN WITNESS WHEREOF, the parties hereto` have executed this Agreement as of the day and year first written above.

RUBY TUESDAY, INC.

By: s/ Stephen I. Sadove
Name: Stephen I. Sadove
Title: Chairman of the Compensation Committee

JAMES J. BUETTGEN

s/ James J. Buettgen

SECOND AMENDMENT TO THE
RUBY TUESDAY, INC. SEVERANCE PAY PLAN

THIS SECOND AMENDMENT is made on this 9th day of January, 2013 by Ruby Tuesday, Inc., a corporation duly organized and existing under the laws of the State of Georgia (the "Primary Sponsor").

INTRODUCTION:

WHEREAS, the Primary Sponsor maintains the Ruby Tuesday, Inc. Severance Pay Plan under an amended and restated indenture dated January 5, 2011, as further amended by the First Amendment thereto dated August 23, 2011 (as so amended, the "Plan"); and

WHEREAS, the Primary Sponsor now desires to amend the Plan to expand the categories of employees eligible for severance benefits; to create different benefit levels between classes of participants; and to modify the provisions of the Plan disqualifying a participant from the receipt of severance benefits.

NOW, THEREFORE, the Primary Sponsor does hereby amend the Plan, effective for Layoffs (as defined in the Plan) occurring on and after January 1, 2013, as follows:

1. By deleting Section 2.7 in its entirety and by substituting therefor the following:

"2.7 'Eligible Employee' means an Employee who, as of the Layoff Date:

(a) is employed in an employment classification with the title of Vice President or above;

(b) does not have a personal services contract with the Company or an Affiliate; and

(c) has not previously agreed either orally or in writing to waive eligibility for this Plan, as determined by the Plan Administrator based on Employer records."

2. By deleting Section 3.4 in its entirety and by substituting therefor the following:

"3.4 Ineligibility for Severance Pay. Under no circumstances shall severance benefits be payable under the Plan to any Participant:

(a) whose employment is terminated for Cause;

(b) whose employment is terminated during a period in which such Participant is not actively at work (*i.e.,* has been on leave of absence, disability or workers' compensation) for more than twenty-six (26) weeks, except to the extent otherwise required by law;

(c) who (other than for reasons listed in Section 2.11(b) herein) voluntarily quits or retires, regardless of the reason, whether or not such Participant claims a constructive discharge or whether or not a constructive discharge is subsequently determined to have occurred;

(d) who dies;

(e) who receives an offer of employment from a Successor Employer to commence promptly following his or her Termination of Employment by the Employer, whether the Participant accepts the position or not;

(f) who is offered continuing employment by the Company or an Affiliate in another job position, whether the Participant accepts the position or not; or

(g) who is receiving benefit payments that commenced prior to the Layoff Date under a retirement plan funded solely by the Employer and its Affiliates or who has received, at any time prior to the Layoff Date, full payment of the benefits earned by the Participant under any such retirement plan."

3. By deleting Section 4.1 in its entirety and by substituting therefor the following:

"4.1 Cash Severance Benefits. The amount of severance payable to a Participant shall be based upon the Participant's position with the Employer, Base Salary and Period of Service, each of which shall be determined immediately prior to the Layoff Date, as follows:

(a) Vice Presidents. The severance payable to a Participant who holds a position with the title of 'Vice President' shall be calculated as a percentage of the Participant's Base Salary in accordance with the following schedule:

Period of Service	Percentage of Base Salary
Less than 1 year	50%
1 year, but less than 2 years	75%
2 years or more	100%

(b) Senior Vice Presidents and Above. The severance payable to a Participant who holds a position (i) with the title of 'Senior Vice President' or (ii) any higher position on the Employer's organizational chart, as in effect immediately prior to the Layoff Date, shall be calculated as a percentage of the Participant's Base Salary in accordance with the following schedule:

Period of Service	Percentage of Base Salary
Less than 1 year	50%
1 year, but less than 2 years	100%
2 years or more	200%"

Except as specifically amended hereby, the Plan shall remain in full force and effect prior to this Second Amendment.

IN WITNESS WHEREOF, the Primary Sponsor has caused this Second Amendment to be executed on the day and year first above written.

RUBY TUESDAY, INC.

By: s/ James J. Buettgen

Title: President and Chief Executive Officer

ATTEST:

By: s/ Scarlett May

Title: Senior Vice President – Chief Legal Officer and Secretary

[CORPORATE SEAL]

RUBY TUESDAY, INC.
CAFETERIA PLAN

THIS INDENTURE is made as of this 9th day of January, 2013, (the "Effective Date") by RUBY TUESDAY, INC. (the "Primary Sponsor").

INTRODUCTION

The Primary Sponsor maintains the Ruby Tuesday, Inc. Cafeteria Plan (the "Old Cafeteria Plan"), under an indenture dated January 1, 2008. The Primary Sponsor also maintains the Ruby Tuesday, Inc. Health Savings Account Plan (the "Old HSA Plan"), effective January 1, 2008.

The Primary Sponsor wishes to consolidate the Old Cafeteria Plan and the Old HSA Plan into a single plan. The Primary Sponsor wishes to name the plan the Ruby Tuesday, Inc. Cafeteria Plan (the "Plan") and wishes to update the Plan for changes in the law.

This Plan is intended meet the requirements of Section 105, Section 125 and Section 129 of the Internal Revenue Code of 1986, as amended.

NOW, THEREFORE, the Primary Sponsor does hereby establish the Plan, effective as of the Effective Date, as follows:

RUBY TUESDAY, INC.
CAFETERIA PLAN

TABLE OF CONTENTS

SECTION 1
DEFINITIONS

1.1 "Affiliate" means (a) any corporation which is a member of the same controlled group of corporations, within the meaning of Section 414(b) of the Code, as is a Plan Sponsor; (b) any other trade or business (whether or not incorporated) under common control, within the meaning of Section 414(c) of the Code, with a Plan Sponsor; (c) any corporation, partnership or organization which is a member of an affiliated service group, within the meaning of Section 414(m) of the Code, with a Plan Sponsor; and (d) any other entity required to be aggregated with a Plan Sponsor pursuant to regulations under Section 414(o) of the Code.

1.2 "After-Tax Benefit" means continuation coverage (under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, or otherwise), retiree coverage, payments during a leave of absence, or other permitted Participating Plan coverage that may be paid for through the Plan using after-tax contributions to the extent such benefits are otherwise available from the Plan Sponsor and are permitted to be paid for on an after-tax basis through the Plan by the Plan Sponsor and pursuant to guidance issued under Code Section 125.

1.3 "Appeals Fiduciary" means an individual or group of individuals appointed to review appeals of claims for benefits under the Health Care Expense Account made pursuant to Section 5.8.

1.4 "Benefit Package Option" means each specific benefit paid for under the Plan as the result of a Participant's election (e.g., as to Insurance Coverage, a health maintenance organization, indemnity, or preferred provider organization, or as to Dependent Care Expenses, the specific dependent care program or provider selected by the Participant).

1.5 "Code" means the Internal Revenue Code of 1986, as amended.

1.6 "Compensation" means wages, within the meaning of Code Section 3401(a), paid or made available to a person, after he becomes a Participant, for personal services rendered in the course of employment with the Plan Sponsor.

1.7 "Dependent" means any Eligible Employee's dependent, within the meaning of Code Section 152 (without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof) or Code Section 105(b), except that for Plan Sections relating to the Dependent Care Expense Account, "Dependent" means:

(a) an Eligible Employee's dependent, as defined in Code Section 152(a)(1), who is under the age of thirteen (13);

(b) an Eligible Employee's dependent, as defined in Code Section 152 (without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof), who is physically or mentally incapable of caring for himself and who has the same principal place of abode as the taxpayer for more than one-half of such taxable year; or

(c) the spouse of an Eligible Employee, if such spouse is physically or mentally incapable of caring for himself and who has the same principal place of abode as the taxpayer for more than one-half of such taxable year.

Notwithstanding the foregoing, for purposes of a Participating Plan, the definition of "Dependent" may be further limited by the terms of such Participating Plan.

1.8 "Dependent Care Expense Account" means an account established pursuant to Section 4 of the Plan which shall reflect the dollar amount of any before-tax contributions elected by the Participant to be applied towards reimbursement of Dependent Care Expenses.

1.9 "Dependent Care Expenses" means amounts paid by a Participant for the care of a Dependent, either inside or outside of the Participant's home, or for related household services, subject to the further limitations under Plan Section 4, in order to enable the Participant to be gainfully employed for any period for which he has a Dependent. In no event shall a Participant be reimbursed for any of the following expenses:

(a) Any expenses which are incurred by a Participant for personal employment, convenience or ease rather than to enable the Participant to be gainfully employed.

(b) Amounts paid for services outside the Participant's household at a camp where a Dependent stays overnight.

(c) Educational expenses incurred at or beyond the level of kindergarten; provided, however, expenses incurred for the care of a child at an educational facility may be reimbursed if such expenses for the care of the child can be separated from the cost of the education.

(d) Transportation expenses, other than those transportation expenses that are attributable to transportation provided by a dependent care provider and are attributable to the care of the child.

(e) E xpenses reimbursed or provided for under any other plan or program maintained by a Plan Sponsor for employees.

(f) Expenses not actually incurred while the Eligible Employee was a Participant.

(g) Any other expenses which would not be considered "employment related expenses" under Code Section 21(b).

1.10 "Earned Income" means a person's wages, salaries, tips and other employee compensation plus the amount of any net earnings from self-employment for the Plan Year. In determining the Earned Income of a spouse who is a student or incapable of caring for himself, the provisions of Section 21(d)(2) of the Code shall apply.

1.11 “Effective Date” means, as to the Primary Sponsor, the date first above written, and as to each other Plan Sponsor which adopts the Plan, the date designated as such by the adopting Plan Sponsor.

1.12 “Eligible Employee” means

(a) with respect to a Participating Plan, an Employee of a Plan Sponsor who is covered or eligible for coverage under such Participating Plan, but only with respect to such plan or plans as the Plan Sponsor may designate by resolution for inclusion under this Plan; and

(b) with respect to the Health Care Expense Account, Dependent Care Expense Account, or making Health Savings Contributions, each Employee of a Plan Sponsor.

1.13 “Employee” means each person who is employed by a Plan Sponsor in the legal relationship of employer and employee and not in the relationship of independent contractor or leased employee and whose wages from the Plan Sponsor are subject to withholding as evidenced by Form W-2 or its successor. The term “Employee” does not include an individual who is employed by a Plan Sponsor as a leased employee or independent contractor and is subsequently determined by the Plan Sponsor, the Internal Revenue Service, the Department of Labor or a court of competent jurisdiction to be a common law employee of the Plan Sponsor for any period prior to such determination. The term “Employee” also excludes any employee covered by a collective bargaining agreement if benefits were the subject of good faith bargaining and the Plan Sponsor and such collective bargaining unit have not bargained that the unit will be covered by the Plan. In addition, “Employee” shall include a former common law employee of a Plan Sponsor for purposes of applicable After-Tax Benefits designated by the Plan Sponsor.

1.14 “Governmental or Educational Institution Program” shall include the following:

(a) a state’s children’s health insurance program under Title XXI of the Social Security Act;

(b) a medical care program of an Indian Tribal government (as defined in Code Section 7701(a)(40)), the Indian Health Service, or a tribal organization;

(c) A state health benefits risk pool; or

(d) A foreign government group health plan.

1.15 “Grace Period” means with respect to any Plan Year of a Health Care Expense Account, the two and one-half (2 ½) month period after the expiration of such Plan Year.

1.16 “Health Care Expense Account” means an account established pursuant to Section 4 of the Plan which shall reflect the dollar amount of any before-tax contributions and after-tax contributions (if the Participant elects continuation coverage under Code Section 4980B) elected by the Participant to be applied towards reimbursement of Qualifying Health Care Expenses.

1.17 "Health Savings Account" means an account established pursuant to Section 223(d) of the Code that is acceptable to the Plan Administrator.

1.18 "Health Savings Contributions" means an election by a Participant on a pre-tax basis for salary reduction where such reduction is contributed to a Health Savings Account.

1.19 "High Deductible Health Plan" means a health plan designated by the Plan Administrator that meets the definition of a high deductible health plan under Section 223(c)(2) of the Code.

1.20 "Highly Compensated Employee" means a Participant who is a "highly compensated employee" as defined in Code Section 125(e)(3) or regulations issued thereunder, except that, for purposes of Section 3.4, Highly Compensated Employee shall be determined pursuant to Code Section 105(h)(5) or Code Section 414(q), as applicable.

1.21 "HIPAA" means the Health Insurance Portability and Accountability Act of 1996, as amended from time to time. References to HIPAA includes any comparable or succeeding law which amends, replaces, or supplements the provisions of the HIPAA as in effect as of the Effective Date.

1.22 "HSA Eligible Employee" means an Eligible Employee who:

(a) is covered under the High Deductible Health Plan;

(b) is not covered under any other health plan and/or a health flexible spending arrangement within the meaning of Code Section 125 (a "Health FSA") (other than a health plan or Health FSA provides for certain coverage that is disregarded under Code Section 223(c)(1)(B) or a Health FSA that only provides for reimbursement after the deductible for the High Deductible Health Plan has been satisfied); and

(c) certifies, in a process determined by the Plan Administrator, that he is not covered under any other health plan and/or Health FSA that is prohibited by Subsection (b).

For purposes of this Section, an Eligible Employee will not be considered to be covered under a Health FSA if such Eligible Employee had a zero dollar balance in such Health FSA, determined on a cash basis, as of the end of the Plan Year to which the Grace Period applies.

1.23 "Insurance Coverage" means any payment of any contribution toward premiums or other payments which are required on behalf of the Participant to obtain coverage for the Participant, his spouse and/or Dependents under the Participating Plans for the Plan Year.

1.22 "Key Employee" means a Participant who is a "key employee" as defined in Code Section 416(i)(1).

1.23 "Loss of Coverage" means (a) a complete loss of coverage under the Benefit Package Option or other coverage (including the elimination of a Benefit Package Option, an HMO ceasing to be available in the area where the individual resides, or the individual losing all coverage under the option by reason of an overall lifetime or annual limitation); (b) a substantial decrease in the medical care providers available under the option (such as a major hospital ceasing to be a member of a preferred provider network or a substantial decrease in the physicians participating in a preferred provider network or an HMO); (c) a reduction in the benefits for a specific type of medical condition or treatment with respect to which the Participant or the Participant's spouse or Dependent is currently in the course of treatment; or (d) any other similar fundamental loss of coverage.

1.24 "Participant" means any Eligible Employee or former Eligible Employee who has elected to participate in the Plan in accordance with the terms of the Plan, for so long as his participation has not ceased.

1.25 "Participating Plans" means the group health, dental, vision, group-term life insurance, accidental death and dismemberment, short-term disability and/or long-term disability plans which shall be maintained by a Plan Sponsor from time to time.

1.26 "Plan" means the Ruby Tuesday, Inc. Cafeteria Plan.

1.27 "Plan Administrator" means the Primary Sponsor, unless the Primary Sponsor selects another person, committee or entity in accordance with Section 5.2 to administer the Plan.

1.28 "Plan Sponsor" means, individually, the Primary Sponsor or any successor thereto and each Affiliate or other trade or business which has adopted the Plan in the manner set forth in Section 7.

1.29 "Plan Year" means the calendar year. In the event a Participant commences participation during a Plan Year, the initial coverage period shall be that portion of the Plan Year commencing on the effective date of the Participant's participation pursuant to Section 2.1 and ending on the last day of the Plan Year.

1.30 "Qualifying Health Care Expenses"

(a) means amounts paid by a Participant for diagnosis, cure, mitigation, treatment or prevention of disease, or for the purpose of affecting any structure or function of the body, including, by way of example but not by limitation, amounts paid for:

(1) operations or treatments affecting any portion of the body, including obstetrical expenses, legal abortion, legal vasectomy and expenses of therapy or X-ray treatments;

(2) the prevention or alleviation of a physical or mental defect or illness, including acupuncture services, chiropractic services, vision, physical or dental examinations and treatments and well-baby care;

(3) hospital services, nursing services, medical laboratory, surgical, dental and other diagnostic and healing services, X-rays, medicine and drugs, and ambulance service;

(4) eyeglasses and contact lenses, hearing aids, a guide dog for the blind or deaf, artificial teeth and limbs, wheel chair, crutches, or an inhalator;

(5) in-patient hospital care;

(6) care and supervision, or treatment and training, of a mentally retarded individual at an institution or special home on the recommendation of a psychiatrist;

(7) installation and repair of special telephone and television equipment for use by the deaf; design, installation and operating cost of special equipment on a car used by a physically handicapped individual;

(8) a prescribed medicine or drug (regardless of whether the medicine or drug requires a prescription);

(9) payments to a special school for a mentally impaired or physically disabled person if the main reason for using the school is its resources for relieving the disability (and not the benefits of the course of study or discipline), including, but not limited, the following:

(A) teaching Braille to a visually impaired child;

(B) teaching lip reading to a hearing impaired child; or

(C) providing remedial language training to correct a condition caused by a birth defect;

(10) the cost of meals, lodging, and ordinary education supplied by a special school referred to in clause (9) above provided that the main reason for the child's being there is the resources the school has for relieving the mental or physical disability;

(11) the cost of meals or lodging at a hospital or similar facility while receiving treatment at such facility;

(12) the cost of meals or lodging not provided at a hospital or medical facility if:

(A) the lodging is primarily for and essential to medical care;

(B) the medical care is provided by a doctor in a licensed hospital or in a medical care facility related or the equivalent of, a licensed hospital;

(C) the lodging is not lavish; and

(D) there is no significant element of recreation or vacation in the travel away from home;

(13) expenses associated with the cost of a program to stop smoking;

(14) the medical expenses tuition fees paid to a special school for a child who has severe learning disabilities caused by mental or physical impairment, provided that a doctor must recommend that the child attend the school; and

(15) laser eye surgery.

(b) means transportation primarily for and essential to medical care referred to in Subsection (a) above.

(c) shall not include expenses incurred prior to the date of an Eligible Employee's enrollment in the Plan or after the end of the Plan Year (except to the extent of expenses incurred during an applicable Grace Period) or expenses including but not limited to the expenses described below:

(1) Cosmetic surgery, unless necessary to improve a deformity arising from or directly related to a congenital abnormality, a personal injury resulting from an accident or trauma, or a disfiguring disease;

(2) Marriage or family counseling unless provided by an M.D., Ph.D., psychologist, licensed and certified psychologist, or a licensed social worker;

(3) The salary expense of a licensed practical nurse (LPN) incurred in connection with the care of a normal and healthy newborn (even though such care may be required due to the death of the mother in childbirth);

(4) Funeral and burial expenses;

(5) Household and domestic help (even though recommended by a licensed physician due to an employee's or Dependent's inability to perform physical housework);

(6) Any expenses incurred in connection with an illegal operation or treatment;

(7) Custodial care in an institution;

(8) Cost of sending a problem child to a special school for benefits the child may receive from the course of study and disciplinary methods;

(9) Health club dues, YMCA dues, steam bath, etc.; social activities, such as dance lessons or classes (even though recommended by a licensed physician for general health improvement);

(10) Bottled water; maternity clothes, diaper service, etc.; cosmetics; toiletries, toothpaste, and similar supplies; vitamins or other nutritional supplements taken for general health purposes; uniforms;

(11) Automobile insurance premiums; premiums paid for life insurance policies or for policies providing repayment for loss of earnings or for accidental loss of life, limb, sight, etc.;

(12) Vacation or travel taken for general health purposes, a change in environment, improvement of morale, or taken to relieve physical or mental discomfort;

(13) Transportation expenses to and from work, even though a physical condition may require special means of transportation;

(14) Premiums paid for health insurance including premiums paid for health coverage under a plan maintained by the employer of the Participant's spouse or Dependent; and

(15) Custodial care in an institution unless otherwise described above as a Qualifying Health Care Expense.

1.31 "<u>Unpaid Leave Under the Family and Medical Leave Act</u>" means a family or medical leave of absence pursuant to the Family and Medical Leave Act of 1993, as approved by a Plan Sponsor.

SECTION 2
PARTICIPATION

2.1 <u>Date of Participation</u>. Except as otherwise provided in Section 2.3, each Eligible Employee of a Plan Sponsor shall become a Participant under the Plan:

(a) with respect to any Participating Plan, on the first date the Eligible Employee satisfies the enrollment requirements as set forth in Plan Section 3.1 or 3.5, as applicable;

(b) with respect to Health Savings Contributions, on the first day of the month coinciding with or following the date the Eligible Employee is an HSA Eligible Employee; and

(c) with respect to the Dependent Care Expense Account and the Health Care Expense Account on the first date following the completion of ninety (90) days of continuous employment with a Plan Sponsor; provided that the Eligible Employee satisfies the enrollment requirements set forth in Plan Section 3.2 on such date.

2.2 Cessation of Participation. Participation in the Plan shall cease effective as of the earliest of:

(a) the date the Participant's elections under Plan Section 3 expire or terminate;

(b) the date on which a Participant's elections under Section 3 are all revoked;

(c) the date the Participant ceases to be an Eligible Employee for any reason (including, but not limited to, lay-off, strike, retirement, termination or death), except as otherwise provided in Plan Section 2.4; provided that eligibility may continue beyond such date for purposes of after-tax contributions under Section 3.5 for After-Tax Benefits, subject to the policies and procedures established by the Plan Administrator; or

(d) the date the Plan terminates.

2.3 Former Participants. If a person who has met the eligibility requirements of the Plan ceases to be a Participant because he is no longer an Employee of a Plan Sponsor and is subsequently reemployed by a Plan Sponsor, or because he ceases to be an Eligible Employee and subsequently meets the eligibility requirements of the Plan, the Employee shall again become a Participant as of the later of the date he:

(a) recommences service with the Plan Sponsor as an Eligible Employee; or

(b) makes an election in accordance with Section 3 herein.

Notwithstanding the preceding, if a former Participant ceases to be a Participant because he fails to make the required contributions, such former Participant shall not again be eligible to be a Participant until the next Plan Year.

2.4 Continuation Coverage.

(a) Notwithstanding anything to the contrary contained in this Plan, a Participant and any qualified beneficiary (as defined by Code Section 4980B(g)(1)) of a Participant shall have the option to elect continuation coverage in the portion of the Plan relating to Health Care Expense Accounts upon the occurrence of a "qualifying event" within the meaning of Code Section 4980B(f)(3), to the extent such election is consistent with Code Section 125. If elected, the continuation coverage shall consist of coverage identical to that provided under the Plan to a similarly situated person whose coverage has not been terminated as a result of a "qualifying event"; provided, however, that any election may not be revoked or modified after the beginning of the period for which it is effective. The timing, length, cost and methods of making an election pursuant to this Plan Section 2.4 shall be governed by the provisions of Code Section 4980B and relevant proposed or final Treasury Regulations.

(b) Notwithstanding anything to the contrary contained in this Plan, if a Participant leaves service with a Plan Sponsor due to military leave with the "uniformed services", as defined in the Uniformed Services Employment and Reemployment Rights Act of 1994 and the regulations thereunder ("USERRA"), such Participant may be eligible for continuation coverage as provided by, and subject to the rules, restrictions, and limitations in, USERRA.

SECTION 3
ELECTIONS

3.1 Election for Insurance Coverage. To become a Participant, each Eligible Employee must make an initial election for Insurance Coverage on a pre-tax basis for the Plan Year at the time and in the manner required by the Plan Administrator. Any election under this Plan Section 3.1 shall be effective as of the date of eligibility indicated in the Participating Plans. Each Participant shall be deemed to have made an affirmative election under this Section with respect to each succeeding Plan Year in which he participates in the Participating Plans as an Eligible Employee unless such Participant elects otherwise in writing delivered to the Plan Administrator before the first day of each such succeeding Plan Year. Upon an election under this Section, each Participant's Compensation shall be reduced in approximately pro rata amounts (or, for Participants who are on Unpaid Leave Under the Family and Medical Leave Policy of the Plan Sponsor, in such amounts as may be agreed to by the Participant and the Plan Administrator), each pay period by the amount of Insurance Coverage (or on such other basis as permitted by the Plan Administrator) and that amount shall be applied by the Plan Sponsor toward providing Insurance Coverage, subject to the limitations contained herein. An Eligible Employee who fails to make a timely initial election under this Section 3.1 shall be deemed to have elected, and will be automatically enrolled in coverage under such plans or programs as may be designated by the Plan Administrator from time to time at a level covering only the Eligible Employee.

3.2 Election for Expense Accounts or Health Savings Contribution.

(a) Election for Health Care Expense Account. Prior to the first day of each Plan Year, a Participant may elect to receive reimbursement for Qualifying Health Care Expenses by making an election on a pre-tax basis for a salary reduction in the manner required by, and before the deadline designated by, the Plan Administrator. Any Eligible Employee who becomes a Participant in the Health Care Expense Account on or after the first day of that same Plan Year may elect to receive reimbursement for Qualifying Health Care Expenses for the remainder of the Plan Year by making an election for a salary reduction in the manner required by, and before the deadline designated by, the Plan Administrator. Such elections shall be effective as of the first day of the next following pay period after the election is made following date of hire. Subject to the conditions and limitations of this Plan, each Plan Year the Participant may elect to have an amount no less than a minimum amount designated by the Plan Administrator from time to time and no greater than a maximum amount designated by the Plan Administrator from time to time (which amount shall not exceed $2,500 (as may be adjusted annually by the Secretary of the Treasury for changes in the cost of living)) allocated to a Health Care Expense Account established and maintained for the Participant instead of receiving that amount as cash compensation. If the Eligible Employee is hired by the Plan Sponsor on or after the first day of that same Plan Year, such Eligible Employee may still elect the maximum amount that can be elected under the this paragraph. Each Participant's Compensation shall be reduced in approximately equal amounts each pay period by the amount elected pursuant to this Section 3.2(a) divided by the number of pay periods during the Plan Year (or on such other basis as permitted by the Plan Administrator) and that amount shall be applied by the Plan Sponsor to such Participant's Health Care Expense Account pursuant to Section 4.

(b) Election for Dependent Care Expense Account. Prior to the first day of each Plan Year, a Participant may elect to receive reimbursement for Dependent Care Expenses by making an election on a pre-tax basis for a salary reduction in the manner required by, and before the deadline designated by, the Plan Administrator. Any Eligible Employee who becomes a Participant in the Dependent Care Expense Account on or after the first day of that same Plan Year may elect to receive reimbursement for Dependent Care Expenses for the remainder of the Plan Year by making an election for a salary reduction in the manner required by, and before the deadline designated by, the Plan Administrator. Such elections shall be effective as of the first day of the next following pay period after the election is made following date of hire. Subject to the conditions and limitations of the Plan, each Plan Year the Participant may elect to have an amount no less than an amount designated by the Plan Administrator from time to time and no greater than $5,000 (or, if the Participant is married and files a separate federal income tax return, $2,500) allocated to a Dependent Care Expense Account established and maintained for the Participant instead of receiving that amount as cash compensation. If the Participant is married and the Participant's spouse is also covered by a dependent care assistance program, such spouse's salary reduction contributions shall reduce the $5,000 limit on allocations provided above. If the Eligible Employee is hired by the Plan Sponsor on or after the first day of that same Plan Year, such Eligible Employee may still elect the maximum amount that can be elected under the this paragraph; provided, however, that if such Eligible Employee was covered under a dependent care assistance program of another employer prior to becoming an Eligible Employee during the calendar year in which he became an Eligible Employee, such Eligible Employee shall, if requested by the Plan Administrator, provide the Plan Administrator with information sufficient to determine the amount of such Eligible Employee's contributions to such dependent care assistance program for such calendar year and the maximum amount that can be reimbursed under this paragraph shall be reduced by the amount of the Eligible Employee's contributions to such other dependent care assistance program for such year. The Participant shall provide the Plan Administrator with all the pertinent information regarding his spouse's participation in a dependent care assistance program. Each Participant's Compensation shall be reduced in approximately equal amounts each pay period by the amount elected pursuant to this Section 3.2(b) divided by the number of pay periods during the Plan Year (or on such other basis as permitted by the Plan Administrator) and that amount shall be applied by the Plan Sponsor to such Participant's Dependent Care Expense Account pursuant to Section 4.

(c) Election for Health Savings Contributions to a Health Savings Account.

(1) Prior to the first day of each Plan Year, a Participant may elect to make Health Savings Contributions by making an election in the manner required by, and before the deadline designated by, the Plan Administrator. Any Eligible Employee who becomes a Participant by electing to make Health Savings Contributions on or after the first day of that same Plan Year may elect to make Health Savings Contributions for the remainder of the Plan Year by making such election in the manner required by, and before the deadline designated by, the Plan Administrator. Such elections shall be effective as of the first day of the next following pay period after the election is made following date of hire. Subject to the conditions and limitations of this Plan, each Plan Year, the Participant may elect to have the amount of his Health Savings Contribution be no more than $3,250 (for 2013) per year for individuals, $6,450 (for 2013) per year for families, (which amounts may be adjusted annually by the Secretary of the Treasury for changes in the cost of living) instead of receiving cash compensation. Each Participant's Compensation shall be reduced in approximately equal amounts each pay period by the amount elected pursuant to this Section divided by the number of pay periods during the Plan Year and that amount shall be deposited in Participant's Health Savings Account. If the Eligible Employee becomes a Participant on or after the first day of a Plan Year by electing to make Health Savings Contributions, the maximum amount that can be elected under this paragraph shall be prorated based on the number of months remaining in the Plan Year divided by 12 (unless a higher amount is permitted pursuant to Code Section 223). In order to be eligible for this option, a Participant must be an HSA Eligible Employee.

(2) Notwithstanding Section 3.3, any Employee who becomes an HSA Eligible Employee during a Plan Year and a Participant who has elected to make

Health Savings Contributions for a Plan Year may make a prospective election to commence or change, as applicable, the amount of his Health Savings Contributions for the remainder of such Plan Year. Such election may be made in any month during such Plan Year, subject to the maximum dollar limit in paragraph (1). Any Participant who ceases to be an HSA Eligible Employee during the Plan Year may revoke his election to make Health Savings Contributions. Any election under this paragraph (2) will be effective as of the next pay period following such election.

3.3 Revocation or Modifications of Elections. No election once made may be revoked or modified, except as provided in this Section 3.3. Any revocation or modification of an election under Section 3.3 shall be in writing and shall be delivered to the Plan Administrator within the thirty (30) day period (or such longer period as required by law) following the date of the circumstances permitting the revocation or modification. Any revocation or modification shall become effective as of the first day of the next following pay period after which it is received. Elections may be further restricted by insurance policies or agreements between a Plan Sponsor and insurance carriers. Whether any particular circumstance permits a modification or revocation under this Section 3.3 will be construed by the Plan Administrator in a manner consistent with Treasury Regulations Section 1.125-4 or any successor regulation. Notwithstanding any other provision of the Plan, a Participant may revoke or modify an election for Insurance Coverage(s) under other circumstances as permitted by the Plan Administrator pursuant to Code Section 125 and any guidance issued thereunder. Any revocation or modification of an election under this Section 3.3 shall be permitted under the Plan only if the revocation or modification is on account of and is consistent with the change in circumstances permitting the revocation or modification. Subject to the foregoing, a Participant may revoke or modify an existing election only upon the occurrence of any of the following events:

(a) with respect solely to Insurance Coverage or the Health Care Expense Account, any event which gives the Participant special enrollment rights under Code Section 9801(f) and any available guidance issued thereunder;

(b) with respect solely to Insurance Coverage or the Health Care Expense Account, the issuance of a judgment, decree or order resulting from a divorce, legal separation, annulment or change in legal custody that requires such coverage to be provided to a Participant's Dependent child or foster child, provided that such coverage must actually be provided to the Dependent child or foster child;

(c) with respect solely to Insurance Coverage or the Health Care Expense Account, a Participant or a Participant's spouse and/or Dependents becomes eligible or ceases to be eligible for coverage under Medicare, as described in Part A or B of Title XVIII of the Social Security Act (Medicare) or Title XIX of the Social Security Act (Medicaid) (other than coverage consisting solely of benefits under Section 1928 of the Social Security Act (the program for distribution of pediatric vaccines));

(d) with respect solely to Insurance Coverage or the Health Care Expense Account, a Participant takes a leave of absence under the Family Medical Leave Act;

(e) one of the following changes in status:

(1) a change in a Participant's legal marital status, including marriage, death of a spouse, divorce, legal separation and annulment;

(2) a change in the number of a Participant's Dependents, including birth of a child, death of a Dependent spouse or child, adoption of a child and placement of a child for adoption;

(3) a change in the employment status of a Participant or a Participant's spouse or a Participant's Dependents, including: (A) a termination or commencement of employment; (B) a strike or lockout; (C) a commencement of or return from an unpaid leave of absence; (D) a change in worksite; or (E) a change in employment status which causes a Participant or a Participant's spouse or Dependent to become or no longer satisfy the eligibility requirements under the Plan or under any insurance policy pursuant to which Insurance Coverage is provided;

(4) an event which causes a Participant's Dependent to satisfy or cease to satisfy the eligibility requirements under the Plan or under any insurance policy pursuant to which Insurance Coverage is provided, including attainment of age, a change in student status, or any similar circumstance; or

(5) a change in the place of residence of the Participant or the Participant's spouse or Dependent.

(f) Premium Changes.

(1) If, during the Plan Year, the cost of Insurance Coverage or Dependent Care Expenses to the Participant increases or decreases, the amount deducted from a Participant's Compensation shall be automatically adjusted on a prospective basis (but as to Dependent Care Expenses such adjustment shall be prospective from the later of the date of the change in cost or the date the Participant submits written documentation to the Plan Administrator reflecting the change, and only if the cost change is imposed by a dependent care provider who is not a relative of the Participant); or

(2) If, during the Plan Year, the cost charged to a Participant for Insurance Coverage or Dependent Care Expenses significantly increases or decreases, a Participant may make a corresponding change in his or her elections under the Plan. Changes that may be made include, in the situation of an Eligible Employee who has not yet commenced participation in the Plan, commencing participation in the Plan for the purpose of electing the option with the reduced cost.

For purposes of this Section 3.3(f)(2), a significant change in the cost charged to a Participant refers to an increase or decrease in the cost of an option whether the increase or decrease results from an action taken by a Participant (such as switching from full-time to part-time status) or from action by the Plan Sponsor (such as reducing the amount of Plan Sponsor contributions).

(g) Coverage Changes. A Participant may revoke or modify his existing election for Insurance Coverage or the Dependent Care Expense Account after the beginning of the Plan Year in the event of the occurrence of any of the following events:

(1) a significant curtailment of coverage under a Benefit Package Option that is a Loss of Coverage, in which case the Participant may either make a new election for coverage under another Benefit Package Option (only to the extent offered by the Plan Sponsor in the case of Insurance Coverage) providing similar coverage or drop coverage altogether if no similar Benefit Package Option is available;

(3) during a Plan Year, the addition of a Benefit Package Option, or the significant improvement of an existing Benefit Package Option, in which case a Participant may revoke his or her prior election under the Plan and, in lieu thereof, make an election on a prospective basis for coverage under the new or improved Benefit Package Option.

(4) a change in coverage under another employer plan (including a plan of the same employer or of another employer) that is intended to meet the requirements of Code Section 125 under which a Participant's spouse or Dependent is covered (the "Other Employer Plan"), provided that one of the following requirements is satisfied:

(i) the Other Employer Plan permits participants to make election changes as provided under Treasury Regulations Sections 1.125-4(b) through (g); or

(ii) the period of coverage or plan year under the Other Employer Plan is different from the period of coverage or Plan Year for the Insurance Coverage.

(5) if the Participant, spouse, or Dependent loses coverage sponsored by a Governmental or Educational Institution Program, in which case a Participant may elect on a prospective basis to add coverage for the Participant, spouse, or Dependent.

(h) COBRA. If a Participant or a Participant's spouse or Dependent becomes eligible for continuation coverage pursuant to Code Section 4980B or any similar state law, the Participant may modify his existing election for the Health Care Expense

Account or Insurance Coverage to increase the amount deducted from Compensation to cover any premium increase for such continuation coverage.

(i) Significant Change in Health Coverage Attributable to Spouse's Employment. As to Insurance Coverage or the Health Care Expense Account, a Participant may revoke a prior election and make a new election where there has been a significant change in the health coverage of the Participant's spouse attributable to the spouse's employment.

3.4 Rejection of Elections. Anything to the contrary in the Plan notwithstanding, the Plan Administrator shall reject any election to (a) receive Insurance Coverage, (b) receive reimbursement for Qualifying Health Care Expenses, (c) receive reimbursement for Dependent Care Expenses, or, in the alternative, shall reduce the amount elected for (x) reimbursement for Qualifying Health Care Expenses or (y) reimbursement for Dependent Care Expenses, even if such election has already become effective, to the extent the Plan Administrator deems necessary to assure that the Plan does not discriminate in favor of Highly Compensated Employees in violation of Code Section 125, Code Section 129, or any other applicable provision of law. Any rejection or reduction of elections shall be made by the Plan Administrator on a reasonable and nondiscriminatory basis. The Plan Administrator shall ensure that Insurance Coverage to Key Employees shall not exceed twenty-five percent (25%) of the aggregate of the benefits provided under the Plan to all Participants in any Plan Year.

3.5 After-Tax Benefits. Notwithstanding anything to the contrary in this Article 3, each Eligible Employee who is eligible for After-Tax Benefits may make or modify an election for such After-Tax Benefits subject to the policies and procedures established by the Plan Administrator for time to time. Contributions for such After-Tax benefits will be made through the Plan with after-tax dollars from such Participants. Such elections are subject to the provisions of Section 3.4.

SECTION 4
HEALTH AND DEPENDENT CARE EXPENSE ACCOUNTS

4.1 Establishment of Health Care Expense Accounts. A separate non-interest bearing Health Care Expense Account shall be maintained on the books of the Primary Sponsor to reflect the amount allocated for each Participant pursuant to his election under Plan Section 3.2(a) (or Section 3.5, to the extent applicable) and the cost of all reimbursements that he receives for Qualifying Health Care Expenses. The Primary Sponsor shall credit to the Health Care Expense Account of each Participant, as of the effective date of the election, the total amount the Participant has elected to contribute towards reimbursements for Qualifying Health Care Expenses for the Plan Year. The Primary Sponsor shall, in accordance with and as often as permitted in the administrative procedures established by the Plan Administrator for, debit the Health Care Expense Account of each Participant in the amount of any reimbursement under the Plan made to or for the benefit of the Participant for Qualifying Health Care Expenses incurred during the Plan Year (or during the applicable Grace Period) while he is a Participant.

4.2 Establishment of Dependent Care Expense Accounts. A separate non-interest bearing Dependent Care Expense Account shall be maintained on the books of the Primary Sponsor to reflect the amount allocated for each Participant pursuant to his election under Plan Section 3.2(b) and the cost of all reimbursements that he receives for Dependent Care Expenses. The Primary Sponsor shall credit to the Dependent Care Expense Account of each Participant, in approximately pro rata amounts each pay period during the Plan Year, the amount the Participant has elected to contribute towards reimbursements for Dependent Care Expenses. Notwithstanding the above, a Participant's Dependent Care Expense Account shall not be credited with any additional amounts following the pay period in which he ceases to be a Participant or revokes his election as provided in Section 3.3. The Primary Sponsor shall debit each Participant's Dependent Care Expense Account in the amount of any reimbursements made to or for the benefit of the Participant for Dependent Care Expenses incurred during the Plan Year.

4.3 Benefits Payable from Health Care Expense Accounts. If a Participant allocates any amount to his Health Care Expense Account for a Plan Year, the Participant, subject to limitations set forth in the Plan, will be entitled to reimbursement from such account for the Qualifying Health Care Expenses with respect to the Participant, his spouse, or Dependents incurred during the portion of the Plan Year in which he is a Participant in the Health Care Expense Account and during the applicable Grace Period after the expiration of that Plan Year. Qualifying Health Care Expenses will be deemed to have been incurred on the date in which the health care is provided and not when the Participant is billed, charged for or actually pays for such care. If a Participant has not made all his required contributions, no reimbursement shall be made to him except for those Qualifying Health Care Expenses incurred through the date for which all the required contributions have been made. A Participant shall not be reimbursed for Qualifying Health Care Expenses to the extent that such expenses are otherwise reimbursable to the Participant, his spouse or Dependent. It is not necessary that a Participant actually pay Qualifying Health Care Expenses before being reimbursed for them, and the Plan Administrator may, in its discretion, pay any such claim directly to the health care provider. The Plan Administrator may require verification that the expenses have been incurred by the Participant.

4.4 Benefits Payable from Dependent Care Expense Accounts. If a Participant allocates any amount to his Dependent Care Expense Account for a Plan Year, the Participant, subject to limitations set forth in the Plan, will be entitled to reimbursement from such account for Dependent Care Expenses incurred during the portion of the Plan Year in which he is a Participant in the Dependent Care Expense Account. Dependent Care Expenses will be deemed to have been incurred on the date in which the dependent care is provided and not when the Participant is billed, charged for or actually pays for such care. If a Participant has not made all his required contributions, no reimbursements shall be made to him except for those Dependent Care Expenses incurred through the date for which all the required contributions have been made. A Participant shall not be reimbursed for Dependent Care Expenses to the extent such expenses are otherwise reimbursable to the Participant, his spouse or Dependent. Each Participant must actually pay Dependent Care Expenses before being reimbursed for them. The Plan Administrator may require verification that the expenses have been paid.

4.5 Payment of Claims. The Plan Administrator may establish reasonable rules with regard to the minimum amounts and the frequency of reimbursements hereunder.

4.6 No Reimbursements in Excess of Account. No Participant may receive reimbursement for Qualifying Health Care Expenses to the extent they exceed the balance in his Health Care Expense Account, or for Dependent Care Expenses to the extent they exceed the balance in his Dependent Care Account, at the time of reimbursement.

4.7 Submission of Claims for Qualifying Health Care Expenses. Claims shall be submitted for Qualifying Health Care Expenses to the service provider designated by the Plan Administrator in the form and manner and at the time as may be established by the Plan Administrator. Participants may be required to include a copy of the itemized bill reflecting the health care provider, the name of the patient, the date of service, itemized charges, or such other information as deemed necessary by the Plan Administrator to verify the expenses or to comply with the Code and regulations issued thereunder. Reimbursement of the Qualifying Health Care Expenses shall be made at such time and in accordance with the administrative procedures established by the Plan Administrator.

4.8 Submission of Claims for Dependent Care Expenses. Claims for Dependent Care Expenses shall be submitted in the form and manner and at the time as may be established by the Plan Administrator. Participants may be required to provide the name and taxpayer identification number of the provider, the time period for which payment was made, the amount of the payment, the names and ages of the Dependents receiving the care, or such other information as deemed necessary by the Plan Administrator to verify the expenses or to comply with the Code and regulations issued thereunder.

4.9 Time Limit for Claiming Benefits.

(a) Time Limit for Health Care Expense Account. With respect to all claims for reimbursement of Qualifying Health Care Expenses, the Primary Sponsor, unless otherwise instructed by the Plan Administrator for good cause, shall not reimburse a Participant for any Qualifying Health Care Expense unless a proper claim is received by the Plan Administrator no later than the earlier of:

(1) ninety (90) days following the date the Participant ceases to be an Eligible Employee; or

(2) ninety (90) days following the end of the Plan Year.

To qualify for reimbursement under this Section 4.9(a), the Qualifying Health Care Expense must have been incurred during either the Plan Year or the Grace Period.

(b) Time Limit for Dependent Care Expense Account. With respect to all claims for reimbursement for Dependent Care Expenses incurred during a Plan Year, the Primary Sponsor, unless otherwise instructed by the Plan Administrator for good cause, shall not reimburse a Participant for any Dependent Care Expense unless a proper claim is received by the Plan Administrator no later than the earlier of:

(1) ninety (90) days following the date the Participant ceases to be an Eligible Employee; or

(2) ninety (90) days following the end of the Plan Year in which the Dependent Care Expense was incurred.

4.10 Forfeiture of Accounts.

(a) Amounts in Health Care Expense Account. Any balance remaining in the Health Care Expense Account of a Participant related to contributions for a Plan Year shall be forfeited at the expiration of the time limit for claiming benefits under Section 4.9(a). Forfeitures shall be used to reduce the administrative expenses of the Plan.

(b) Amounts in Dependent Care Expense Account. Any balance remaining in the Dependent Care Expense Account of a Participant related to contributions for a Plan Year shall be forfeited at the expiration of the time limit for claiming benefits for under Section 4.9(b). Forfeitures shall be used to reduce the administrative expenses of the Plan.

4.11 Limitation of Benefits for Certain Owners. In no event may more than twenty-five percent (25%) of the amounts paid hereunder by the Primary Sponsor for Dependent Care Expenses during a Plan Year be provided for the class of Participants who are owners (or their spouses or dependents within the meaning of Section 152 of the Code), each of whom on any day of the year owns more than five percent (5%) of the capital or profits interest of the Primary Sponsor. The Plan Administrator shall reduce reimbursement for the Dependent Care Expenses for such Participants to the extent that it reasonably believes necessary to prevent this limitation from being exceeded.

4.12 Compensation As Ceiling. The amount of reimbursement for Dependent Care Expenses for a Participant during any taxable year of the Participant shall not exceed:

(a) in the case of a Participant who is not married at the close of the taxable year, the Compensation of such Participant for the taxable year (not to exceed $5,000); or

(b) in the case of a Participant who is married at the close of the taxable year, the lesser of:

(1) the Compensation of the Participant for the taxable year;

(2) the Earned Income of the spouse of the Participant for the taxable year. For purposes of Paragraph (2) of this Subsection, if the Participant’s spouse is a full-time student or physically or mentally incapable of caring for himself, such spouse shall be deemed to have Earned Income of $200 per month, if the Participant has only one Dependent, and $400 per month if the Participant has two or more Dependents; or

(3) $5,000.

4.13 Prohibition of Payment for Services of Certain Providers of Dependent Care. No reimbursement for Dependent Care Expenses shall be provided to a Participant during any taxable year of the Participant for Dependent Care Expenses paid to an individual:

(a) with respect to whom, for the taxable year, a deduction is allowable under Code Section 151(c) to the Participant or his spouse; or

(b) who is a child of the Participant (within the meaning of Code Section 152(f)(1)) under the age of nineteen (19) at the close of the taxable year.

4.14 Limitations on Reimbursement for Services Outside the Household.

(a) Dependent Care Centers. No reimbursement for Dependent Care Expenses shall be provided for services provided outside a Participant's household by a facility that provides care for more than six (6) individuals other than individuals who reside at the facility, and receives a fee, payment or grant for providing services for any of the individuals, unless:

(1) the facility complies with all applicable laws and regulations of a state or unit of local government, and

(2) the requirements of Subsection (b) of this Section are met.

(b) Certain Dependents. No reimbursement for Dependent Care Expenses shall be provided for services outside a Participant's household unless the services are provided for the care of:

(1) an individual described in Plan Section 1.6(a); or

(2) any other Dependent who regularly spends at least eight (8) hours each day in the Participant's household.

SECTION 5
ADMINISTRATION

5.1 Administrative Powers and Duties. The Plan Administrator shall have discretionary authority to take all actions required to carry out the provisions of the Plan in a manner consistent with the provisions of the Plan including the power:

(a) to administer the Plan for the exclusive benefit of Participants;

(b) to interpret the Plan, and make rules and regulations under the Plan to the extent deemed advisable by the Plan Administrator;

(c) to decide all questions as to eligibility to become a Participant in the Plan and as to the rights of Participants under the Plan;

(d) to file or cause to be filed all annual reports, returns, schedules, descriptions, financial statements and other statements as may be required by any federal or state statute, agency, or authority within the time prescribed by law or regulation for filing such documents;

(e) to obtain from the Primary Sponsor, Eligible Employees, and Participants information as shall be necessary to the proper administration of the Plan;

(f) to contract with insurance carriers or other suppliers as may be necessary to provide for benefits under the Plan;

(g) to communicate to any insurer or other contract supplier of benefits under the Plan in writing all information required to carry out the provisions of the Plan;

(h) to notify the Participants of the Plan in writing of any amendment or termination of the Plan, or of a change in any benefits available under the Plan;

(i) to prescribe forms for Eligible Employees to make elections under the Plan;

(j) to compute the amount, manner and timing of benefits which shall be payable to any Participant or other person in accordance with the provisions of the Plan, and to determine the person to whom such benefits shall be paid;

(k) to authorize the payment of benefits;

(l) to appoint agents, counsel, accountants, consultants, and actuaries as may be required to assist in administering the Plan; and

(m) to do any other acts as it deems reasonably required to administer the Plan in accordance with its provisions, or as may be provided for or required by law.

5.2 Appointment of Plan Administrator. The Primary Sponsor shall have the power, by written instrument, to appoint a Plan Administrator. The Plan Administrator shall serve at the pleasure of the Primary Sponsor. The Plan Administrator may resign by delivering written notice to the Plan Sponsor, or may be removed if the Primary Sponsor delivers written notice to the Plan Administrator. Any vacancy shall be filled by the Primary Sponsor.

5.3 Appeals Fiduciary. The Primary Sponsor shall appoint an Appeals Fiduciary. The Appeals Fiduciary shall be required to review claims for benefits payable under the Health Care Expense Account that are initially denied by the Plan Administrator and for which the claimant requests a full and fair review pursuant to Section 5.8. The Appeals Fiduciary may not be the individual who made the initial adverse determination with respect to any claim the Appeals Fiduciary reviews and may not be a subordinate of any individual who made the initial adverse determination. The Appeals Fiduciary (or any member of a committee appointed to be the Appeals Fiduciary) may resign by delivering written notice to the Primary Sponsor. The Primary Sponsor may remove the Appeals Fiduciary (or any member of a committee appointed to be the Appeals Fiduciary) by delivering written notice of the removal to the Appeals Fiduciary, and, if applicable, to the individual being removed. Any vacancy shall be filled by the Primary Sponsor.

5.4 Delegation of Responsibilities. The Plan Administrator and the Primary Sponsor shall have the power, by written instrument, to delegate specific responsibilities under the Plan to Eligible Employees, or to other individuals or entities, each of whom shall serve at the pleasure of the entity that appointed him. Any person so appointed may resign by delivering written notice to the entity, or may be removed if the entity delivers written notice to that person.

5.5 Examination of Records. The Plan Administrator shall make available to each Participant such of its records as pertain to the Participant for examination at reasonable times during normal business hours.

5.6 Reliance on Tables, Etc. In administering the Plan, the Plan Administrator shall be entitled, to the extent permitted by law, to rely conclusively on all tables, valuations, certificates, opinions and reports which are furnished by any accountant, counsel or other expert who is employed or engaged by the Plan Administrator.

5.7 Claims Procedure. Any person who believes that he is entitled to a benefit under the Plan shall have the right to file with the Plan Administrator a written notice of claim for the benefit. The Plan Administrator shall follow the following procedures with respect to claims for benefits filed under the Plan.

(a) Claims Other Than Under the Health Care Expense Account. For claims other than claims for benefits under the Health Care Expense Account, the Plan Administrator shall either grant or deny the claim within ninety (90) days after its receipt of written notice of the claim, unless special circumstances require an extension of time of up to an additional ninety (90) days for processing the claim and appropriate notice to the claimant of the extension is given before the end of the initial ninety-day period. Such notice shall describe the circumstances requiring the extension, the additional information needed to process the claim, if any, and the date by which the Plan Administrator expects to render a decision. Any delay on the part of the Plan Administrator in arriving at a decision shall not adversely affect benefits payable under a granted claim. The failure to pay interest on the value of a Participant's Account during the processing of a claim shall not be deemed to be an adverse effect attributable to Plan Administrator delay.

(b) Health Care Expense Account Claims. For claims for benefits under the Health Care Expense Account, the Plan Administrator will grant or deny the claim within thirty (30) days after its receipt of written notice of the claim, unless matters beyond the control of the Plan Administrator require an extension of time of up to an additional fifteen (15) days for processing the claim and notice to the claimant of the extension is given before the end of the initial thirty-day period. Such notice shall describe the circumstances requiring the extension, the additional information needed to process the claim, if any, and the date by which the Plan Administrator expects to render a decision. If additional information is required, the claimant shall have forty-five (45) days after his receipt of the notice to provide the Plan Administrator with the requested additional information. Any delay on the part of the Plan Administrator in arriving at a decision shall not adversely affect benefits payable under a granted claim. The failure to pay interest on the value of a Participant's Account during the processing of a claim shall not be deemed to be an adverse effect attributable to Plan Administrator delay.

(c) In the case of a denied claim, the Plan Administrator shall provide written notice to the claimant setting forth:

(1) the specific reason for the denial;

(2) specific reference to the pertinent Plan provisions on which the denial is based;

(3) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why the material or information is necessary;

(4) an explanation of the Plan's claim review procedures and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review;

(5) in the case of a claim for benefits under the Health Care Expense Account, if an internal rule, guideline, protocol or other similar criterion is relied upon in making the adverse determination, either the specific rule, guideline, protocol or other similar criterion; or a statement that such rule, guideline, protocol or other similar criterion was relied upon in making the decision and that a copy of such rule, guideline, protocol or other similar criterion will be provided free of charge upon request; and

(6) in the case of a claim for benefits under the Health Care Expense Account, if a denial of the claim is based on a medical necessity or experimental treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment for the denial, an explanation applying the terms of the Plan to the claimant's medical circumstances or a statement that such explanation will be provided free of charge upon request.

5.8 Review of Denied Claim

(a) Any Participant who makes a claim that is denied shall have the right to appeal the denial of his claim to the Plan Administrator or the Appeals Fiduciary, as described in Subsection (b) for a full and fair review at any time within sixty (60) days (one-hundred eighty (180) days for claims under the Health Care Expense Account) after the claimant receives written notice of the denial. In the event of an appeal, the Plan Administrator or the Appeals Fiduciary, as applicable, shall afford the claimant or his duly authorized representative the opportunity:

(1) to request, free of charge, reasonable access to, and copies of all documents, records and other information relevant to the claim;

(2) to submit written comments, documents, records, and other information relating to the denied claim to the reviewer; and

(3) to a review that takes into account all comments, documents, records and other information submitted by the claimant or his duly authorized representative relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

(b) With respect to claims for benefits under the Health Care Expense Account, any appeal of a claim for benefits shall be reviewed by the Appeals Fiduciary. In deciding an appeal of any denial based in whole or in part on a medical judgment (including determinations with regard to whether a particular treatment, drug, or other item is experimental, investigational or not medically necessary or appropriate), the Appeals Fiduciary shall:

(1) consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment; and

(2) identify the medical and vocational experts whose advice was obtained on behalf of the Plan in connection with the denial without regard to whether the advice was relied upon in making the determination to deny the claim.

Notwithstanding the foregoing, the health care professional consulted pursuant to this Subsection (b) shall be an individual who was not consulted with respect to the initial denial of the claim that is the subject of the appeal or a subordinate of such individual.

(c) The final decision of the Plan Administrator shall be made not later than sixty (60) days after its receipt of a request for review, unless special circumstances require an extension of time for processing, in which case a decision shall be made as soon as possible but not later than one hundred twenty (120) days after receipt of the request for review and only after appropriate notice to the claimant of such extension is given before the end of the initial 60-day period. The notice shall indicate the special circumstances requiring the extension and the date by which the Plan Administrator or the Appeals Fiduciary, as applicable, expects to render a decision on the claim. The decision shall be communicated in writing in a manner calculated to be understood by the claimant and shall include the following:

(1) the specific reasons for the decision;

(2) specific references to pertinent Plan provisions on which the decision is based;

(3) statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the claimant's claim for benefits; and

(4) a statement describing any available voluntary appeal procedures (if any) and of the claimant's right to obtain information about such procedures as required by ERISA and a statement of the claimant's right to bring an action under Section 502(a) of ERISA following the denial of the claim upon review;

(5) in the case of a claim for benefits under the Health Care Expense Account, if an internal rule, guideline, protocol or other similar criterion is relied upon in making the adverse determination, either the specific rule, guideline, protocol or other similar criterion; or a statement that such rule, guideline, protocol or other similar criterion was relied upon in making the decision and that a copy of such rule, guideline, protocol or other similar criterion will be provided free of charge upon request;

(6) in the case of a claim for benefits under the Health Care Expense Account, if a denial of the claim is based on a medical necessity or experimental treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment for the denial, an explanation applying the terms of the Plan to the claimant's medical circumstances or a statement that such explanation will be provided free of charge upon request; and

(7) in the case of a claim for benefits under the Health Care Expense Account, a statement regarding the availability of other voluntary alternative dispute resolution options.

To the extent permitted by law, the Plan Administrator's or the Appeals Fiduciary's decision, as applicable, shall be final and binding on the claimant. The decision of the Plan Administrator or the Appeals Fiduciary shall be the final review provided by the Plan.

5.9 Claims and Review Procedure for Insured Benefits. To the extent that benefits hereunder are provided by an insurance company, the provisions of Sections 5.7 and 5.8 shall not apply to claims for benefits, and claims shall be filed with and subject to review by the insurance company.

5.10 Prohibition of Discrimination. Any discretionary acts to be taken under the terms and provisions of the Plan by the Plan Administrator or by the Primary Sponsor shall be uniform in their nature and application to all those similarly situated, and no discretionary acts shall be taken that would be discriminatory under the provisions of the Code relating to cafeteria plans, as such provisions now exist or may from time to time be amended.

SECTION 6
AMENDMENT OR TERMINATION

6.1 Amendment of Plan. The Primary Sponsor, by action in writing approved by its governing body or its delegate pursuant to normal administrative procedures, may amend any or all provisions of the Plan at any time.

6.2 Termination of Plan. The Primary Sponsor, by action in writing approved by its governing body or its delegate pursuant to normal administrative procedures, may terminate the Plan in whole or in part. In the event of Plan termination, all Compensation reduction elections shall be revoked and no additional amounts shall be credited towards Insurance Coverage, Health Care Expense Accounts, Dependent Care Expense Accounts, or Health Savings Contributions on a pre-tax basis.

6.3 Preservation of Rights. Termination or amendment of the Plan shall not affect the right of any Participant to claim reimbursement for expenses incurred prior to the termination or amendment, as the case may be, to the extent the expenses are reimbursable under the terms of the Plan prior to the effective date of the termination or amendment.

SECTION 7
ADOPTION OF PLAN BY AFFILIATES

Any trade or business related to the Primary Sponsor by function or operation and any Affiliate, if the trade or business or Affiliate is authorized to do so by a resolution adopted by the Primary Sponsor, may adopt the Plan by written action of the trade or business or Affiliate. Any adoption shall be evidenced by certified copies of resolutions of the board of directors or other appropriate governing body of the trade or business or Affiliate indicating the adoption. The resolution shall state and define the Effective Date for the purpose of the adopting trade or business or Affiliate. Each Plan Sponsor other than the Primary Sponsor may terminate its participation in the Plan (unless the termination of participation would adversely affect the status of the Plan under Section 125 of the Code as to any other Plan Sponsor) by written notice to the Primary Sponsor and written action of the Plan Sponsor evidenced by certified copies of resolutions of its board of directors or other appropriate governing body indicating the termination of participation.

SECTION 8
MISCELLANEOUS

8.1 Communication to Eligible Employees. Each Plan Sponsor shall promptly notify all Eligible Employees of the availability and terms of the Plan.

8.2 No Employment Rights Created. Neither the establishment of the Plan nor participation therein shall be construed as giving any Eligible Employee the right to continued employment with a Plan Sponsor.

8.3 Legally Enforceable. All Plan Sponsors intend that the terms of the Plan, including those relating to coverage and benefits, are legally enforceable.

8.4 Unfunded Plan. The Primary Sponsor shall have the authority to, but need not, establish a trust or other arrangement for holding contributions to the Plan. Nothing contained in the Plan shall give any Participant any right, title, or interest in any property of a Plan Sponsor.

8.5 Nonalienation. No benefit or other sum at any time reimbursable under the Plan shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements, or torts of the person entitled to the benefit, and any attempt to anticipate, sell, transfer, assign, pledge, encumber, or charge the same shall be void.

8.6 No Guarantee of Tax Consequences. Neither the Plan Administrator nor a Plan Sponsor makes any commitment or guarantee that any amounts reimbursed under the Plan will be excludable from the Participant's gross income for federal or state income tax purposes, or that any other federal or state tax treatment will apply to or be available to any Participant. It shall be the obligation of each Participant to determine whether each reimbursement under the Plan is excludable from the Participant's gross income for federal and state income tax purposes, and to notify the Plan Sponsor if the Participant has reason to believe that any reimbursement is not so excludable.

8.7 Notice of Address. Each Participant shall file a current mailing address and any address change with the Plan Administrator. Any mailing under the Plan which is addressed to a Participant's most recent address so filed shall for all purposes be presumed to have been received by the Participant and the Plan Administrator shall not be obliged to search for or ascertain the Participant's whereabouts.

8.8 Indemnification of Fiduciaries. To the extent permitted by law, a Plan Sponsor shall indemnify and hold harmless the Plan Administrator, any Participant, any Eligible Employee, and any other person to whom the Plan Sponsor or the Plan Administrator has delegated fiduciary or other duties under the Plan, against any and all claims, losses, damages, expenses, and liabilities arising from any act or failure to act that constitutes or is alleged to constitute a breach of the person's responsibilities in connection with the Plan under applicable law, unless the same is determined to be due to gross negligence, willful misconduct, or willful failure to act.

8.9 Indemnification of Plan Sponsor by Participants. If any Participant receives payments under the Plan that are for taxable benefits, the Participant shall indemnify and reimburse a Plan Sponsor for any liability it may incur for failure to withhold federal or state income tax or Social Security tax from the reimbursements or payments.

8.10 Titles and Headings. The titles and headings of the Sections of the Plan are placed herein for convenience of reference only, and in the case of any conflicts, the text of the Plan, rather than the titles or headings, shall control.

8.11 Gender and Number. The masculine pronoun, wherever used herein, shall include the feminine pronoun, and the singular shall include the plural, except where the context requires otherwise.

8.12 Applicable Law. The provisions of the Plan shall be construed according to the laws of the State of Tennessee, except as superseded by federal law, and in accordance with the Code. The Plan is intended to be a cafeteria plan under Section 125 of the Code, and shall be construed accordingly.

SECTION 9
HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996

9.1 Compliance. Pursuant to the Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA") and the regulations promulgated thereunder, the Plan will comply with:

(a) The Standards for Privacy of Individually Identifiable Health Information (the "Privacy Standards") at 45 CFR, Part 160, Subpart A, and Part 164, Subpart E; and

(b) Effective April 20, 2006, the Security Standards for the Protection of Electronic Protected Health Information (the "Security Standards") at 45 CFR, Part 160, Subpart A, and Part 164, Subpart C.

9.2 Disclosure of Summary Health Information to the Plan Sponsor.

(a) In accordance with the Privacy Standards, the Plan may disclose Summary Health Information to the Plan Sponsor, if the Plan Sponsor requests the Summary Health Information for the purpose of (1) obtaining premium bids from health plans for providing health insurance coverage under this Plan, or (2) modifying, amending or terminating the Plan.

(b) "Summary Health Information" may be individually identifiable health information and it summarizes the claims history, claims expenses or the type of claims experienced by individuals in the Plan, but it excludes all identifiers that must be removed for the information to be de-identified, except that it may contain geographic information to the extent that it is aggregated by five-digit zip code.

9.3 Disclosure of Protected Health Information ("PHI") to the Plan Sponsor for Plan Administration Purposes. In order that the Plan Sponsor may receive and use PHI for Plan Administration purposes, the Plan Sponsor agrees to:

(a) Not use or further disclose PHI other than as permitted or required by the Plan documents or as required by law (as identified in the Privacy Standards);

(b) Ensure that any agents, including a subcontractor, to whom the Plan Sponsor provides PHI received from the Plan agree to the same restrictions and conditions that apply to the Plan Sponsor with respect to such PHI;

(c) Not use or disclose PHI for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Plan Sponsor, except pursuant to an authorization which meets the requirements of the Privacy Standards;

(d) Report to the Plan any PHI use or disclosure that is inconsistent with the uses or disclosures provided for of which the Plan Sponsor becomes aware;

(e) Make available PHI in accordance with Section 164.524 of the Privacy Standards (45 CFR 164.524);

(f) Make available PHI for amendment and incorporate any amendments to PHI in accordance with Section 164.526 of the Privacy Standards (45 CFR 164.526);

(g) Make available the information required to provide an accounting of disclosures in accordance with Section 164.528 of the Privacy Standards (45 CFR 164.528);

(h) Make its internal practices, books and records relating to the use and disclosure of PHI received from the Plan available to the Secretary of the U.S. Department of Health and Human Services ("HHS"), or any other officer or employee of HHS to whom the authority involved has been delegated, for purposes of determining compliance by the Plan with Part 164, Subpart E, of the Privacy Standards (45 CFR 164.500 *et seq.)*;

(i) If feasible, return or destroy all PHI received from the Plan that the Plan Sponsor still maintains in any form and retain no copies of such PHI when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the PHI infeasible; and

(j) Ensure that adequate separation between the Plan and the Plan Sponsor, as required in Section 164.504(f)(2)(iii) of the Privacy Standards (45 CFR 164.504(f)(2)(iii)), is established as follows:

(1) Such employees, or classes of employees, or other persons under the control of the Plan Sponsor as discussed in the Plan Sponsor's HIPAA policies and procedures., shall be given access to the PHI to be disclosed.

(2) The access to and use of PHI by the individuals described in Subsection (1) above shall be restricted to the Plan Administration functions that the Plan Sponsor performs for the Plan.

(3) In the event any of the individuals described in Subsection (1) above do not comply with the provisions of the Plan documents relating to use and disclosure of PHI, the Administrator shall impose reasonable sanctions as necessary, in its discretion, to ensure that no further non-compliance occurs. Such sanctions shall be imposed in accordance with the Plan Sponsor's current policy violation sanctions.

"Plan Administration" activities are limited to activities that would meet the definition of payment or health care operations, but do not include functions to modify, amend or terminate the Plan or solicit bids from prospective issuers. "Plan Administration" functions include quality assurance, claims processing, auditing, monitoring and management of carve-out plans, such as vision and dental. It does not include any employment-related functions or functions in connection with any other benefit or benefit plans.

The Plan shall disclose PHI to the Plan Sponsor only upon receipt of a certification by the Plan Sponsor that (x) the Plan documents have been amended to incorporate the above provisions, and (y) the Plan Sponsor agrees to comply with such provisions.

9.4 Disclosure of Certain Enrollment Information to the Plan Sponsor. Pursuant to Section 164.504(f)(1)(iii) of the Privacy Standards (45 CFR 164.504(f)(1)(iii)), the Plan may disclose to the Plan Sponsor information on whether an individual is participating in the Plan or is enrolled in or has disenrolled from a health insurance issuer or health maintenance organization offered by the Plan to the Plan Sponsor.

9.5 Disclosure of PHI to Obtain Stop-loss or Excess Loss Coverage. The Plan Sponsor hereby authorizes and directs the Plan, through the Plan Administrator or the third party administrator, to disclose PHI to stop-loss carriers, excess loss carriers or managing general underwriters (MGUs) for underwriting and other purposes in order to obtain and maintain stop-loss or excess loss coverage related to benefit claims under the Plan. Such disclosures shall be made in accordance with the Privacy Standards.

9.6 Other Disclosures and Uses of PHI. With respect to all other uses and disclosures of PHI, the Plan shall comply with the Privacy Standards.

9.7 Disclosure of Electronic PHI to the Plan Sponsor for Plan Administration Purposes. In order that the Plan Sponsor may receive and use electronic PHI for Plan Administration purposes, the Plan Sponsor agrees to:

(a) Implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic PHI that it creates, receives, maintains or transmits on behalf of the Plan, as required by Part 164, Subpart C, of the Security Standards (45 CFR 164.300 et seq.);

(b) Ensure that the adequate separation required by Section 164.504(f)(2)(iii) of the Privacy Standards (45 CFR 164.504(f)(2)(iii) is supported by reasonable and appropriate security measures;

(c) Ensure that any agent, including a subcontractor, to whom it provides electronic PHI agrees to implement reasonable and appropriate security measures to protect the electronic PHI; and

(d) Report to the Plan any Security Incident of which it becomes aware. "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with systems operations in an information system.

IN WITNESS WHEREOF, the Primary Sponsor has caused this Indenture to be executed as of the day and year first above written.

RUBY TUESDAY, INC.

By: s/ James J. Buettgen
Title: President and Chief Executive Officer

**FOURTH AMENDMENT TO THE RUBY TUESDAY, INC.
EXECUTIVE SUPPLEMENTAL PENSION PLAN
(AMENDED AND RESTATED AS OF JANUARY 1, 2007)**

THIS FOURTH AMENDMENT is made as of this 30th day of November, 2012, by RUBY TUESDAY, INC. (the "Primary Sponsor"), a corporation organized and existing under the laws of the State of Georgia.

W I T N E S S E T H:

WHEREAS, the Primary Sponsor maintains the Ruby Tuesday, Inc. Executive Supplemental Pension Plan (the "Plan"), which was established by indenture effective as of June 1, 1983, and which was last amended and restated by indenture effective as of January 1, 2007;

WHEREAS, the Primary Sponsor desires to amend the Plan to provide the Plan Administrator with the ability to vary the number of years of service in a qualifying position required for an individual to become eligible to participate in the Plan; and

WHEREAS, the amendment effected hereby has been approved by the Board of Directors of the Primary Sponsor.

NOW, THEREFORE, the Plan is hereby amended, effective as of December 1, 2012, by deleting Section 3.1 in its entirety and by substituting therefor the following:

"3.1 Commencement of Participation. An Eligible Employee shall become a Participant only upon satisfying the following criteria:

(a) has earned an average Annual Base Salary, plus bonus, of at least $120,000 (or such greater amount as may be determined by the Plan Administrator from time to time) during the last two (2) Plan Years immediately preceding the first day of the Plan Year in which an Eligible Employee becomes a Participant; and

(b) has completed at least five (5) full years of Continuous Service (or such fewer number of years of Continuous Service, not less than two (2), as designated by the Plan Administrator in writing with respect to a particular Eligible Employee) during which the Eligible Employee has held one or more Qualifying Positions.

An Eligible Employee who satisfies the foregoing criteria shall become a Participant as of the first day of the immediately succeeding Plan Year in which the Eligible Employee first satisfies the foregoing criteria."

Except as specifically amended hereby, the Plan shall remain in full force and effect as prior to this Fourth Amendment.

IN WITNESS WHEREOF, the Primary Sponsor has caused this Fourth Amendment to be executed as of the day and year first above written.

RUBY TUESDAY, INC.

By: /s/ Samuel E. Beall, III
Samuel E. Beall, III
Chief Executive Officer and President

ATTEST:

By: /s/ Scarlett May
Scarlett May
Secretary

[CORPORATE SEAL]

SIXTH AMENDMENT TO THE
RUBY TUESDAY, INC. 2005 DEFERRED COMPENSATION PLAN

THIS SIXTH AMENDMENT is made on this 31st day of October, 2012 by Ruby Tuesday, Inc., a corporation duly organized and existing under the laws of the State of Georgia (the "Primary Sponsor").

INTRODUCTION:

WHEREAS, the Primary Sponsor maintains the Ruby Tuesday, Inc. 2005 Deferred Compensation Plan (the "Plan"), which was last amended and restated by an indenture effective as of January 1, 2005 and has been subsequently amended five times since such date; and

WHEREAS, the Primary Sponsor now desires to amend the Plan to provide greater flexibility for granting service credit to employees based on their service with prior employers, to clarify how initial elections are made by newly eligible participants, and to make other miscellaneous changes.

NOW, THEREFORE, the Primary Sponsor does hereby amend the Plan, generally effective as of January 1, 2012, as follows:

1. By deleting the existing Section 1.26 and substituting therefor the following:

"1.26 'Vesting Service' means, beginning with an Employee's most recent date of hire, the number of successive, twelve-consecutive–month periods during which the Employee continues to serve as an Employee. No credit shall be given for any partially completed twelve-consecutive-month period.

In the event that a Plan Sponsor or an Affiliate acquires assets of another corporation or entity or a controlling interest of the stock of another corporation or merges with another corporation or entity and is the surviving entity, or if an Employee of a Plan Sponsor was previously employed by an entity that becomes under common control or ownership with the Plan Sponsor or an Affiliate, as determined by the Board of Directors of the Plan Sponsor, then service of an Employee who was employed by such corporation or entity shall be counted in the manner provided, with the consent of the Primary Sponsor, in resolutions adopted by the Plan Sponsor which authorizes the counting of such service.

At the discretion of the Plan Administrator where an Employee is so advised in writing, Vesting Service may include a period of employment other than with the Plan Sponsor or an Affiliate which the Employee has completed immediately prior to his employment or re-employment with Plan Sponsor or an Affiliate.

Notwithstanding anything contained herein to the contrary, if a Member ceases to be an Employee and is subsequently reemployed by a Plan Sponsor or an Affiliate, Vesting Service also shall not include any periods of service prior to such individual's reemployment."

2. By deleting the existing Section 3.2(b) and substituting therefor as follows:

"(b) In the case of the first Plan Year in which an Eligible Employee becomes a Member, the Plan Administrator may, at its discretion, allow the Member to make an election to defer a portion of the Member's Annual Compensation (exclusive of any Annual Bonus) that will be payable to him for that Plan Year within thirty (30) days after the date the Employee becomes an Eligible Employee but only with respect to Annual Compensation (exclusive of Annual Bonus) payable for services to be performed after the election is made. All elections to defer Annual Compensation under this Section 3.2(b) shall be irrevocable as of the earlier of the date the election is processed by the Plan Administrator or the last day of the applicable thirty (30) day period."

Except as specifically amended hereby, the Plan shall remain in full force and effect prior to this Sixth Amendment.

IN WITNESS WHEREOF, the Primary Sponsor has caused this Sixth Amendment to be executed on the day and year first above written.

RUBY TUESDAY, INC.

By: /s/ Samuel E. Beall, III
Samuel E. Beall, III
Chief Executive Officer and President

ATTEST:

By: /s/ Scarlett May
Scarlett May
Secretary

[CORPORATE SEAL]

**FIRST AMENDMENT TO THE RUBY TUESDAY, INC.
EXECUTIVE LIFE INSURANCE PREMIUM PLAN**

THIS FIRST AMENDMENT is made as of this 30th day of November, 2012, by RUBY TUESDAY, INC. (the "Primary Sponsor"), a corporation organized and existing under the laws of the State of Georgia.

W I T N E S S E T H:

WHEREAS, the Primary Sponsor maintains the Ruby Tuesday, Inc. Executive Life Insurance Premium Plan (the "Plan"), which was established by indenture effective as of January 1, 2004; and

WHEREAS, the Primary Sponsor desires to amend the Plan to permit the plan administrator to designate members from among a select group of management and highly compensated employees as eligible for participation in the Plan, even if they are then ineligible for participation in the Ruby Tuesday, Inc. Executive Supplemental Pension Plan.

NOW, THEREFORE, the Plan is hereby amended, effective as of December 1, 2012, by deleting the existing Section 2.6 and substituting therefor the following:

"2.6 'Eligible Employee' shall mean an employee of the Plan Sponsor who is among a select group of management or highly compensated employees within the meaning of Section 201(2) of ERISA and who is either (a) a participant in the Ruby Tuesday, Inc. Executive Supplemental Pension Plan (or any successor plan), or (b) otherwise designated in writing as eligible for participation in the Plan by the Plan Administrator pursuant to Section 3.1."

Except as specifically amended hereby, the Plan shall remain in full force and effect as prior to this First Amendment.

IN WITNESS WHEREOF, the Primary Sponsor has caused this First Amendment to be executed as of the day and year first above written.

RUBY TUESDAY, INC.

By: /s/ Samuel E. Beall, III
Samuel E. Beall, III
Chief Executive Officer and President

ATTEST:

By: Scarlett May
Scarlett May
Secretary

[CORPORATE SEAL]

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Buettgen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ruby Tuesday, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 11, 2013

/s/ James J. Buettgen
James J. Buettgen
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael O. Moore, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ruby Tuesday, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 11, 2013

/s/ Michael O. Moore

Michael O. Moore
Executive Vice President –
Chief Financial Officer, Treasurer
and Assistant Secretary

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Ruby Tuesday, Inc. (the "Company") on Form 10-Q for the quarter ended December 4, 2012 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, James J. Buettgen, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 11, 2013

/s/ James J. Buettgen
James J. Buettgen
President and Chief Executive Officer

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Ruby Tuesday, Inc. (the “Company”) on Form 10-Q for the quarter ended December 4, 2012 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, I, Michael O. Moore, Executive Vice President, Chief Financial Officer, Treasurer and Assistant Secretary of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 11, 2013

/s/ Michael O. Moore
Michael O. Moore
Executive Vice President –
Chief Financial Officer, Treasurer
and Assistant Secretary

CLOSURES AND IMPAIRMENTS EXPENSE (Details) (USD $)	3 Months Ended		6 Months Ended						3 Months Ended	6 Months Ended
	Dec. 04, 2012	Nov. 29, 2011	Dec. 04, 2012	Nov. 29, 2011	Jan. 09, 2013 Marlin & Ray's [Member]	Jan. 09, 2013 Wok Hay [Member]	Jan. 09, 2013 Lime Fresh [Member]	Jan. 09, 2013 Truffles [Member]	Dec. 04, 2012 All Concept Restaurants to be Disposed [Member]	Dec. 04, 2012 All Concept Restaurants to be Disposed [Member]
Impairment Expense [Abstract]										
Number of Restaurants	742		742		13	1	2	2		
Property impairments	$ 18,514,000	$ 630,000	$ 18,962,000	$ 836,000					$ 16,900,000	$ 16,900,000
Closed restaurant lease reserves	(99,000)	(153,000)	379,000	(74,000)						
Other closing costs	343,000	226,000	632,000	416,000						
Gain on sale of surplus properties	(507,000)	(50,000)	(598,000)	(80,000)						
Total closure and impairments expenses	18,251,000	653,000	19,375,000	1,098,000						
Closed Location Lease Obligation [Roll Forward]										
Beginning balance			6,813,000							
Closing expense including rent and other lease charges			379,000							
Payments			(1,581,000)							
Transfer of deferred escalating minimum rent balance			348,000							
Other adjustments			(19,000)							
Ending balance	5,940,000		5,940,000							
Lease obligation charge of closed restaurant, Subleased	200,000		200,000							
Number of sites subleased	3		3							
Amount required under the terms of sublease			800,000							
Restaurants open more than one year with rolling 12 month negative cash flows [Abstract]										
Restaurants open more than a year with negative cash flows			30							
Negative cash flows rolling months period			12 months							
Negative cash flow restaurants impaired at salvage value			20							
Negative cash flow restaurants not recorded at salvage value			10							
Negative cash flow restaurants not recorded at salvage value, remaining net book value.	$ 7,000,000		$ 7,000,000							

SUBSEQUENT EVENTS (Details) (USD $) In Millions, unless otherwise specified	3 Months Ended	6 Months Ended	6 Months Ended													6 Months Ended		6 Months Ended
	Dec. 04, 2012	Dec. 04, 2012	Jan. 09, 2013 Marlin & Ray's [Member]	Jan. 09, 2013 Wok Hay [Member]	Jan. 09, 2013 Lime Fresh [Member]	Jan. 09, 2013 Truffles [Member]	Jan. 09, 2013 Subsequent Event [Member]	Dec. 04, 2012 Subsequent Event [Member] Minimum [Member]	Dec. 04, 2012 Subsequent Event [Member] Maximum [Member]	Jan. 09, 2013 Subsequent Event [Member] Marlin & Ray's [Member]	Jan. 09, 2013 Subsequent Event [Member] Wok Hay [Member]	Jan. 09, 2013 Subsequent Event [Member] Lime Fresh [Member]	Jan. 09, 2013 Subsequent Event [Member] Truffles [Member]	Jan. 08, 2013 Subsequent Event [Member] Share Repurchase Program [Member]	Dec. 04, 2012 Subsequent Event [Member] Share Repurchase Program [Member]	Dec. 04, 2012 Subsequent Event [Member] Senior Notes [Member]	Dec. 04, 2012 Subsequent Event [Member] Bankruptcy Restructuring [Member]	Dec. 04, 2012 Subsequent Event [Member] Sale Leaseback Transaction [Member]
Restaurant Closures [Abstract]																		
Number of Restaurants	742	742	13	1	2	2	16			13	1	2	2					2
Lease termination charge								$ 2.0	$ 5.0									
Sale-leaseback transaction [Abstract]																		
Sale-leaseback transaction, gross proceeds	11.7	32.0																4.7
Sale-leaseback transaction, costs	0.6	1.6																0.2
Sale-leaseback transaction, carrying value																		3.8
Sale-leaseback transaction, lease terms (in years)																		15 years
Sale-leaseback transaction, lease renewal terms (in years)		20 years																20 years
Sale-leaseback transaction, deferred gain																		0.8
Share repurchases [Abstract]																		
Stock repurchase amount																3.2		
Stock repurchase (in shares)														12.7	0.4			
Additional shares authorized to be repurchased (in shares)														10.0				
TR Midwest Restructuring [Abstract]																		
Remaining lease exposure																	$ 0.8	

(LOSS)/EARNINGS PER SHARE AND STOCK REPURCHASES (Details) (USD $)	3 Months Ended		6 Months Ended	
	Dec. 04, 2012	Nov. 29, 2011	Dec. 04, 2012	Nov. 29, 2011
(LOSS)/EARNINGS PER SHARE AND STOCK REPURCHASES [Abstract]				
Net (loss)/income	$ (15,068,000)	$ (2,001,000)	$ (12,469,000)	$ 1,092,000
Weighted-average common shares outstanding (in shares)	62,005	62,598	62,409	63,177
Dilutive effect of stock options and restricted stock (in shares)	0	0	0	552
Weighted average common and dilutive potential common shares outstanding (in shares)	62,005	62,598	62,409	63,729
Basic (loss)/earnings per share (in dollars per share)	$ (0.24)	$ (0.03)	$ (0.20)	$ 0.02
Diluted (loss)/earnings per share (in dollars per share)	$ (0.24)	$ (0.03)	$ (0.20)	$ 0.02
Antidilutive Securities Excluded from Computation of Earnings Per Share [Line Items]				
Total shares that did not impact the computation of diluted earnings per share (in shares)	5,018	4,547	4,378	2,973
Repurchased common stock (in shares)			2,800,000	
Repurchased common stock			$ 20,000,000	
Remaining shares authorized repurchased (in shares)	3,100,000		3,100,000	
Stock Options [Member]				
Antidilutive Securities Excluded from Computation of Earnings Per Share [Line Items]				
Total shares that did not impact the computation of diluted earnings per share (in shares)	3,371	3,404	3,002	2,074
Restricted Shares [Member]				
Antidilutive Securities Excluded from Computation of Earnings Per Share [Line Items]				
Total shares that did not impact the computation of diluted earnings per share (in shares)	1,647	1,143	1,376	899

ACCOUNTS RECEIVABLE (Tables)	6 Months Ended Dec. 04, 2012
ACCOUNTS RECEIVABLE [Abstract]	
ACCOUNTS RECEIVABLE	Accounts receivable – current consist of the following (in thousands):

	December 4, 2012	June 5, 2012
Rebates receivable	$ 832	$ 923
Amounts due from franchisees	770	770
Other receivables	5,170	3,007
	$ 6,772	$ 4,700

SHARE-BASED EMPLOYEE COMPENSATION (Details) (USD $) In Millions, except Share data, unless otherwise specified	6 Months Ended											6 Months Ended				3 Months Ended	6 Months Ended							3 Months Ended	6 Months Ended						3 Months Ended
	Dec. 04, 2012	Dec. 04, 2012 Directors' Plan [Member]	Dec. 04, 2012 SIP 2003 [Member]	Dec. 04, 2012 SIP 1996 [Member]	Dec. 04, 2012 Chief Executive Officer [Member]	Dec. 04, 2012 Chief Executive Officer [Member] Make Whole Equity Award [Member]	Dec. 04, 2012 Chief Executive Officer [Member] High Performance and Inducement Award [Member]	Dec. 04, 2012 Non-Employee Directors [Member] Minimum [Member]	Dec. 04, 2012 Stock Options [Member]	Dec. 04, 2012 Stock Options [Member] SIP 2003	Dec. 04, 2012 Stock Options [Member] Chief Executive Officer [Member] High Performance and Inducement Award [Member]	Dec. 04, 2012 Restricted Shares [Member]	Dec. 04, 2012 Restricted Shares [Member] Chief Executive Officer [Member]	Dec. 04, 2012 Restricted Shares [Member] Chief Executive Officer [Member] Make Whole Equity Award [Member]	Dec. 04, 2012 Restricted Shares [Member] Chief Executive Officer [Member] High Performance and Inducement Award [Member]	Dec. 04, 2012 Restricted Shares [Member] Non-Employee Directors [Member]	Dec. 04, 2012 Service Based Deferred Compensation [Member]	Dec. 04, 2012 Service Based Deferred Compensation [Member] SIP 2003 [Member]	Dec. 04, 2012 Service Based Deferred Compensation [Member] Stock Options [Member]	Dec. 04, 2012 Service Based Deferred Compensation [Member] Stock Options [Member] Chief Executive Officer [Member]	Dec. 04, 2012 Service Based Deferred Compensation [Member] Stock Options [Member] Chief Executive Officer [Member] Make Whole Equity Award [Member]	Dec. 04, 2012 Service Based Deferred Compensation [Member] Stock Options [Member] Chief Executive Officer [Member] High Performance and Inducement Award [Member]	Dec. 04, 2012 Service Based Deferred Compensation [Member] Restricted Shares [Member]	Dec. 04, 2012 Service Based Deferred Compensation [Member] Restricted Shares [Member] Chief Executive Officer [Member]	Dec. 04, 2012 Service Based Deferred Compensation [Member] Restricted Shares [Member] Chief Executive Officer [Member] Make Whole Equity Award [Member]	Dec. 04, 2012 Service Based Deferred Compensation [Member] Restricted Shares [Member] Chief Executive Officer [Member] High Performance and Inducement Award [Member]	Dec. 04, 2012 Performance Based - Incentive [Member] SIP 1996 [Member]	Dec. 04, 2012 Performance Based - Incentive [Member] Stock Options [Member]	Dec. 04, 2012 Performance Based - Incentive [Member] Stock Options [Member] Chief Executive Officer [Member] High Performance and Inducement Award [Member]	Dec. 04, 2012 Performance Based - Incentive [Member] Restricted Shares [Member]	Dec. 04, 2012 Performance Based - Incentive [Member] Restricted Shares [Member] Chief Executive Officer [Member]
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]																															
Vesting period of restricted shares issued and options granted	30 months							1 year					2 years 6 months	2 years 6 months	2 years 6 months					3 years		3 years									
Options expiration period Tier 1	5 years																														
Options expiration period Tier 2	7 years																														
Options expiration period Tier 3	10 years																														
Exercisable period of options issued (in years)		5 years																													
Reserved shares of common stock under the Plan (in shares)	36,000			938,000						4,772,000																					
Reserved shares of common stock subject to options outstanding				938,000						1,645,000																					
Reserved shares of common stock subject to options outstanding under the plan (in shares)	35,000																														
Common stock currently available for issuance (in shares)	1,000		3,127,000	0																											
Awards granted (in shares)																					253,000	250,000		68,000	179,000	250,000			250,000		102,000
Annual installments						3	3																								
Stock price (in dollars per share)	$ 14																		$ 6.24												
Consecutive days to vest											20 days																				
Employment period					3 years																										
Options, outstanding [Roll forward]																															
Beginning balance (in shares)																			2,716									0			
Granted (in shares)																63,000			503									250			
Exercised (in shares)																			(28)												
Forfeited (in shares)																			(70)												
Ending balance (in shares)																			3,121									250			
Exercisable at end of period (in shares)																			2,497									0			
Weighted average exercise price [Abstract]																															
Beginning balance (in dollars per share)																			$ 8.79									$ 0			
Granted (in dollars per share)																			$ 7.81									$ 7.81			
Exercised (in dollars per share)	$ 14																		$ 6.24												
Forfeited (in dollars per share)																			$ 8.99												
Ending balance (in dollars per share)																			$ 8.65				$ 7.99					$ 7.81		$ 7.04	
Exercisable at end of period (in dollars per share)																			$ 8.79									$ 0			
Out-of-the money options included in outstanding balance (in shares)									1.3																						
Out Of Money Options Included In Outstanding Balance expect to be expired									0.2																						
Unrecognized pre-tax compensation expense related to share based compensation									$ 2.8			$ 9.0																			
Unrecognized pre-tax compensation expense expected to be recognized over a weighted average period (in years)									1 year 10 months 24 days			2 years 6 months					2 years 6 months														
Service-based restricted shares of common stock granted to certain employees (in shares)																		213,000									242,000				
Performance based restricted shares awarded			314,000	314,000																											
Restricted stock activity, shares [Roll forward]																															
Non-vested at beginning of year (in shares)																							797							423	
Granted (in shares)																							773							344	
Vested (in shares)																							(291)							(85)	
Forfeited (in shares)																							0							(314)	
Non-vested at end of year (in shares)																							1,279							368	
Weighted average grant-date fair value [Abstract]																															
Beginning balance (in dollars per share)																							$ 8.37							$ 7.75	
Granted (in dollars per share)																							$ 7.42							$ 6.99	
Vested (in dollars per share)																							$ 7.50							$ 7.29	
Forfeited (in dollars per share)																							$ 0							$ 7.87	
Ending balance (in dollars per share)																			$ 8.65				$ 7.99					$ 7.81		$ 7.04	
Exercisable at end of period (in dollars per share)																			$ 8.79									$ 0			

PROPERTY, EQUIPMENT, ASSETS HELD FOR SALE, OPERATING LEASES, AND SALE-LEASEBACK TRANSACTIONS (Details) (USD $)	3 Months Ended		6 Months Ended		
	Dec. 04, 2012	Nov. 29, 2011	Dec. 04, 2012	Nov. 29, 2011	Jun. 05, 2012
Property, Plant and Equipment [Line Items]					
Property and equipment, gross	$ 1,487,482,000		$ 1,487,482,000		$ 1,558,627,000
Less accumulated depreciation	576,584,000		576,584,000		592,022,000
Property and equipment, net	910,898,000		910,898,000		966,605,000
Assets held for sale, noncurrent	19,100,000		19,100,000		21,800,000
Assets held for sale	4,178,000		4,178,000		4,713,000
Carrying values of assets disposed	1,600,000	1,500,000	1,600,000	1,500,000	
Net gain on sale on disposal of assets	500,000		500,000	100,000	
Proceeds from disposal of assets	2,085,000	1,527,000	2,085,000	1,527,000	
Operating Leases [Abstract]					
Percentage of restaurants located on leased properties (in hundredths)	55.00%		55.00%		
Number of company owned restaurants	742		742		
Percentage of restaurants located on leased land (in hundredths)	66.00%		66.00%		
Percentage of restaurants located on leased land and building (in hundredths)	34.00%		34.00%		
Expiration of operating leases (in years)			24 years		
Sale-Leaseback Transactions [Abstract]					
Sale leaseback transaction, number of restaurants	5		14		
Sale-leaseback transaction, gross proceeds	11,700,000		32,000,000		
Sale-leaseback transaction costs	600,000		1,600,000		
Sale-leaseback transaction, carrying value	8,400,000		22,700,000		
Sale-leaseback transaction, lease terms			15 years		
Sale-leaseback transaction, renewal terms (in years)			20 years		
Sale leaseback transaction, deferred gain	2,700,000		7,700,000		
Sale leaseback transactions, current portion of deferred gain	800,000		800,000		300,000
Sale leaseback transactions, noncurrent portion of deferred gain	11,100,000		11,100,000		4,200,000
Amortization of deferred gains	200,000		300,000		

Land [Member]			
Property, Plant and Equipment [Line Items]			
Property and equipment, gross	235,522,000	235,522,000	244,498,000
Building [Member]			
Property, Plant and Equipment [Line Items]			
Property and equipment, gross	468,474,000	468,474,000	494,537,000
Improvements [Member]			
Property, Plant and Equipment [Line Items]			
Property and equipment, gross	408,436,000	408,436,000	421,143,000
Restaurant Equipment [Member]			
Property, Plant and Equipment [Line Items]			
Property and equipment, gross	255,228,000	255,228,000	276,576,000
Other Equipment [Member]			
Property, Plant and Equipment [Line Items]			
Property and equipment, gross	90,916,000	90,916,000	95,400,000
Construction in Progress and Other [Member]			
Property, Plant and Equipment [Line Items]			
Property and equipment, gross	$ 28,906,000 [1]	$ 28,906,000 [1]	$ 26,473,000 [1]

[1] Included in Construction in progress and other as of December 4, 2012 and June 5, 2012 are $19.1 million and $21.8 million, respectively, of assets held for sale that are not classified as such in the Condensed Consolidated Balance Sheets as we do not expect to sell these assets within the next 12 months. These assets primarily consist of parcels of land upon which we have no intention to build restaurants.

ACCOUNTS RECEIVABLE	6 Months Ended Dec. 04, 2012
ACCOUNTS RECEIVABLE [Abstract]	
ACCOUNTS RECEIVABLE	*NOTE D – ACCOUNTS RECEIVABLE*

Accounts receivable – current consist of the following (in thousands):

	December 4, 2012		June 5, 2012	
Rebates receivable	$	832	$	923
Amounts due from franchisees		770		770
Other receivables		5,170		3,007
	$	6,772	$	4,700

We negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of us and our franchise system. We receive various volume discounts and rebates based on purchases for our Company-owned restaurants from numerous suppliers.

Amounts due from franchisees consist of royalties, license and other miscellaneous fees, a substantial portion of which represents current and recently-invoiced billings. Also included in this amount is the current portion of the straight-lined rent receivable from franchise sublessees.

As of December 4, 2012 and June 5, 2012, Other receivables consisted primarily of amounts due for third-party gift card sales ($2.2 million and $1.3 million, respectively), a receivable due from a third-party maintenance provider in connection with a contract settlement ($1.4 million as of December 4, 2012 only), and amounts due from our distributor ($1.1 million and $0.9 million, respectively).

On June 20, 2012, RT Midwest Holdings, LLC, RT Chicago Franchise, LLC, RT Midwest Real Estate, LLC, and RT Northern Illinois Franchise, LLC (collectively "RT Midwest"), filed for Chapter 11 protection in the United States Bankruptcy Court for the District of Minnesota. RT Midwest is a franchisee which operated 13 restaurants and had indebtedness of $2.3 million owed to RTI at the time of the Chapter 11 filing. During the fourth quarter of fiscal 2012, we wrote off the $2.3 million in franchise fee receivables due from RT Midwest and the associated unearned franchise fees in anticipation of the Chapter 11 filing. See Note H to the Condensed Consolidated Financial Statements for a discussion of closed restaurant lease reserve charges recorded during the first quarter of fiscal 2013 in connection with a subleased restaurant that RT Midwest closed during that quarter.

COMMITMENTS AND CONTINGENCIES (Details) (USD $)	6 Months Ended Dec. 04, 2012
Insurance Claims [Member]	
Litigation [Abstract]	
Number of claims administrators against whom Company has indemnification claims in the event of potential liability to secondary carrier	2
Dan Maddy v Ruby Tuesday [Member]	
Litigation [Abstract]	
Payment made by our secondary insurance carrier for Maddy lawsuit settlement	$ 2,750,000
Pennsylvania [Member]	
Guarantor Obligations [Line Items]	
Number of restaurants alleged violators of the Age Discrimination in Employment Act	5
Ohio [Member]	
Guarantor Obligations [Line Items]	
Number of restaurants alleged violators of the Age Discrimination in Employment Act	1

EMPLOYEE POST-EMPLOYMENT BENEFITS (Tables)

EMPLOYEE POST-EMPLOYMENT BENEFITS [Abstract]

Defined benefit plan disclosure

	6 Months Ended
	Dec. 04, 2012

The following tables detail the components of net periodic benefit costs and the amounts recognized in our Condensed Consolidated Financial Statements for the Retirement Plan, Management Retirement Plan, and the Executive Supplemental Pension Plan (collectively, the "Pension Plans") and the Postretirement Medical and Life Benefits plans (in thousands):

	Pension Benefits			
	Thirteen weeks ended		Twenty-six weeks ended	
	December 4, 2012	November 29, 2011	December 4, 2012	November 29, 2011
Service cost	$ 115	$ 134	$ 230	$ 268
Interest cost	525	576	1,050	1,152
Expected return on plan assets	(102)	(126)	(204)	(252)
Amortization of prior service cost	26	64	52	128
Recognized actuarial loss	565	426	1,130	852
Net periodic benefit cost	$ 1,129	$ 1,074	$ 2,258	$ 2,148

	Postretirement Medical and Life Benefits			
	Thirteen weeks ended		Twenty-six weeks ended	
	December 4, 2012	November 29, 2011	December 4, 2012	November 29, 2011
Service cost	$ 3	$ 2	$ 6	$ 4
Interest cost	15	18	30	36
Amortization of prior service cost	(14)	(14)	(28)	(28)
Recognized actuarial loss	53	34	106	68
Net periodic benefit cost	$ 57	$ 40	$ 114	$ 80

(a) Prior service costs are amortized on a straight-line basis over the average remaining service period of employees expected to receive benefits.

CLOSURES AND IMPAIRMENTS EXPENSE (Tables)	6 Months Ended
	Dec. 04, 2012
CLOSURES AND IMPAIRMENTS EXPENSE [Abstract]	
Closures and impairments expenses	Closures and impairment expenses include the following for the 13 and 26 weeks ended December 4, 2012 and November 29, 2011 (in thousands):

	Thirteen weeks ended		Twenty-six weeks ended	
	December 4, 2012	November 29, 2011	December 4, 2012	November 29, 2011
Property impairments	$ 18,514	$ 630	$ 18,962	$ 836
Closed restaurant lease reserves	(99)	(153)	379	(74)
Other closing costs	343	226	632	416
Gain on sale of surplus properties	(507)	(50)	(598)	(80)
	$ 18,251	$ 653	$ 19,375	$ 1,098

Future lease obligations associated with closed properties

A rollforward of our future lease obligations associated with closed properties is as follows (in thousands):

	Lease Obligations
Balance at June 5, 2012	$ 6,813
Closing expense including rent and other lease charges	379
Payments	(1,581)
Transfer of deferred escalating minimum rent balance	348
Other adjustments	(19)
Balance at December 4, 2012	$ 5,940

													3 Months Ended		6 Months Ended		
FAIR VALUE MEASUREMENTS (Details) (USD $)	**Dec. 04, 2012**	**Dec. 04, 2012 Carrying (Reported) Amount, Fair Value Disclosure [Member]**	**Jun. 05, 2012 Carrying (Reported) Amount, Fair Value Disclosure [Member]**	**Dec. 04, 2012 Estimate of Fair Value, Fair Value Disclosure [Member]**	**Jun. 05, 2012 Estimate of Fair Value, Fair Value Disclosure [Member]**	**Jan. 09, 2013 Marlin & Ray's [Member]**	**Jan. 09, 2013 Wok Hay [Member]**	**Jan. 09, 2013 Lime Fresh [Member]**	**Dec. 04, 2012 Fair Value, Inputs, Level 2 [Member]**	**Jun. 05, 2012 Fair Value, Inputs, Level 2 [Member]**	**Dec. 04, 2012 Fair Value, Measurements, Recurring [Member] Fair Value, Inputs, Level 1 [Member]**	**Jun. 05, 2012 Fair Value, Measurements, Recurring [Member] Fair Value, Inputs, Level 1 [Member]**	**Dec. 04, 2012 Fair Value, Measurements, Nonrecurring [Member] Fair Value, Inputs, Level 2 [Member]**	**Nov. 29, 2011 Fair Value, Measurements, Nonrecurring [Member] Fair Value, Inputs, Level 2 [Member]**	**Dec. 04, 2012 Fair Value, Measurements, Nonrecurring [Member] Fair Value, Inputs, Level 2 [Member]**	**Nov. 29, 2011 Fair Value, Measurements, Nonrecurring [Member] Fair Value, Inputs, Level 2 [Member]**	**Jun. 05, 2012 Fair Value, Measurements, Nonrecurring [Member] Fair Value, Inputs, Level 2 [Member]**
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]																	
Deferred compensation plan: other investments - Assets											$ 8,240,000	$ 7,974,000					
Deferred compensation plan: other investments - Liabilities											(8,240,000)	(7,974,000)					
Deferred compensation plan: RTI common stock - Equity											1,063,000	1,008,000					
Deferred compensation plan: RTI common stock - Equity											(1,063,000)	(1,008,000)					
Total											0	0					
Long-lived assets held for sale													23,303,000 [1]		23,303,000 [1]		26,495,000 [1]
Long-lived assets held for use													8,204,000		8,204,000		385,000
Total													31,507,000		31,507,000		26,880,000
Long lived assets held for sale included in construction in progress									19,100,000	21,800,000							
Long-lived assets held for sale													354,000	0	511,000	206,000	
Long-lived assets held for use													18,160,000	630,000	18,451,000	630,000	
Total impairment of long-lived assets													18,514,000	630,000	18,962,000	836,000	
Number of Restaurants	742					13	1	2									
Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]																	
Long-term debt and capital leases		308,697,000	326,663,000	303,769,000	312,225,000												
Letters of credit		$ 0	$ 0	$ 245,000	$ 222,000												

[1] Included in the carrying value of long-lived assets held for sale as of December 4, 2012 and June 5, 2012 are $19.1 million and $21.8 million, respectively, of assets included in Construction in progress in the Condensed Consolidated Balance Sheets as we do not expect to sell these assets within the next 12 months.

SHARE-BASED EMPLOYEE COMPENSATION (Tables)	6 Months Ended Dec. 04, 2012
SHARE-BASED EMPLOYEE COMPENSATION [Abstract]	
Summary of stock option activity	The following tables summarize the activity in options for the 26 weeks ended December 4, 2012 under these stock option plans (in thousands, except per-share data):

Service-based vesting:	Options		Weighted-Average Exercise Price
Balance at June 5, 2012	2,716	$	8.79
Granted	503		7.81
Exercised	(28)		6.24
Forfeited	(70)		8.99
Balance at December 4, 2012	3,121	$	8.65
Exercisable at December 4, 2012	2,497	$	8.79

Performance-based vesting:	Options		Weighted-Average Exercise Price
Balance at June 5, 2012	–	$	–
Granted	250		7.81
Balance at December 4, 2012	250	$	7.81
Exercisable at December 4, 2012	–	$	–

Summary of restricted stock activity

The following tables summarize our restricted stock activity for the 26 weeks ended December 4, 2012 (in thousands, except per-share data):

Service-based vesting:	Restricted Stock		Weighted-Average Grant-Date Fair Value
Non-vested at June 5, 2012	797	$	8.37
Granted	773		7.42
Vested	(291)		7.50
Forfeited	–		–
Non-vested at December 4, 2012	1,279	$	7.99

Performance-based vesting:	Restricted Stock		Weighted-Average Grant-Date Fair Value
Non-vested at June 5, 2012	423	$	7.75
Granted	344		6.99
Vested	(85)		7.29
Forfeited	(314)		7.87
Non-vested at December 4, 2012	368	$	7.04

FAIR VALUE MEASUREMENTS (Tables)	6 Months Ended Dec. 04, 2012

FAIR VALUE MEASUREMENTS [Abstract]

Fair Values of Financial Assets and Liabilities Measured on a Recurring Basis

The following table presents the fair values of our financial assets and liabilities measured at fair value on a recurring basis and the level within the fair value hierarchy in which the measurements fall (in thousands):

	Level	December 4, 2012	June 5, 2012
Deferred compensation plan: other investments – Assets	1	$ 8,240	$ 7,974
Deferred compensation plan: other investments – Liabilities	1	(8,240)	(7,974)
Deferred compensation plan: RTI common stock – Equity	1	1,063	1,008
Deferred compensation plan: RTI common stock – Equity	1	(1,063)	(1,008)
Total		$ –	$ –

Fair Values of Financial Assets and Liabilities Measured on a Non-Recurring basis

The following table presents the fair values for those assets and liabilities measured on a non-recurring basis and remaining on our Condensed Consolidated Balance Sheets as of December 4, 2012 and June 5, 2012 (in thousands):

		Fair Value Measurements	
	Level	December 4, 2012	June 5, 2012
Long-lived assets held for sale *	2	$ 23,303	$26,495
Long-lived assets held for use	2	8,204	385
Total		$31,507	$26,880

* Included in the carrying value of long-lived assets held for sale as of December 4, 2012 and June 5, 2012 are $19.1 million and $21.8 million, respectively, of assets included in Construction in progress in the Condensed Consolidated Balance Sheets as we do not expect to sell these assets within the next 12 months.

The following table presents the losses recognized during the 13 and 26 weeks ended December 4, 2012 and November 29, 2011 resulting from fair value measurements of assets and liabilities measured on a non-recurring basis. These losses are included in Closures and impairments in our Condensed Consolidated Statements of Operations and Comprehensive (Loss)/Income (in thousands):

	Thirteen weeks ended		Twenty-six weeks ended	
	December 4, 2012	November 29, 2011	December 4, 2012	November 29, 2011
Long-lived assets held for sale	$ 354	$ –	$ 511	$ 206
Long-lived assets held for use	18,160	630	18,451	630
	$ 18,514	$ 630	$ 18,962	$ 836

Carrying Amounts and Fair Values of Other Financial Instruments Not Measured on a Recurring Basis

Our financial instruments at December 4, 2012 and June 5, 2012 consisted of cash and cash equivalents, accounts receivable and payable, long-term debt, and letters of credit. The fair values of cash and cash equivalents and accounts receivable and payable approximated carrying value because of the short-term nature of these instruments. The carrying amounts and fair values of our other financial instruments not measured on a recurring basis using fair value, however subject to fair value disclosures are as follows (in thousands):

	December 4, 2012		June 5, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt and capital leases	$ 308,697	$ 303,769	$ 326,663	$ 312,225
Letters of credit	–	245	–	222

FRANCHISE PROGRAMS	6 Months Ended Dec. 04, 2012
FRANCHISE PROGRAMS [Abstract]	
FRANCHISE PROGRAMS	*NOTE C – FRANCHISE PROGRAMS* As of December 4, 2012, our domestic and international franchisees collectively operated 77 Ruby Tuesday restaurants and five Lime Fresh restaurants. We do not own any equity interest in our franchisees. Under the terms of the franchise operating agreements, we charge a royalty fee (generally 4.0% of monthly sales) and require all domestic franchisees to contribute a percentage, currently 2.25%, of monthly gross sales to a national advertising fund formed to cover their pro rata portion of the production and airing costs associated with our national advertising campaign. Under the terms of those agreements, we can charge up to 3.0% of monthly gross sales for this national advertising fund. Advertising amounts received from domestic franchisees are considered by RTI to be reimbursements, recorded on an accrual basis as earned, and have been netted against selling, general and administrative expenses in the Condensed Consolidated Statements of Operations and Comprehensive (Loss)/Income. In addition to the royalty and advertising fees discussed above, our franchise agreements allow us to charge up to a 1.5% support service fee and a 1.5% marketing and purchasing fee. For the 13 and 26 weeks ended December 4, 2012 and November 29, 2011, we recorded $0.1 million and $0.4 million, respectively in fiscal 2013, and $0.3 million and $0.6 million, respectively in fiscal 2012, in support service and marketing and purchasing fees, which were an offset to Selling, general and administrative, net in our Condensed Consolidated Statements of Operations and Comprehensive (Loss)/Income.

BASIS OF PRESENTATION (Details) (USD $) In Thousands, unless otherwise specified	3 Months Ended		6 Months Ended	
	Dec. 04, 2012	Nov. 29, 2011	Dec. 04, 2012	Nov. 29, 2011
Other restaurant operating costs to Interest expense net [Abstract]				
Restaurant sales and operating revenue	$ 302,753	$ 306,155	$ 634,018	$ 635,009
Payroll and related costs	102,788	105,814	212,022	216,675
Other restaurant operating costs	66,996	64,801	134,152	133,538
Selling, general and administrative, net	38,958	25,410	82,387	53,797
Interest expense, net	7,181	4,498	13,971	8,895
Income before income taxes	(28,787)	(1,747)	(28,516)	1,910
As Previously Reported [Member]				
Other restaurant operating costs to Interest expense net [Abstract]				
Restaurant sales and operating revenue		306,203		635,057
Payroll and related costs		107,777		220,764
Other restaurant operating costs		65,429		134,084
Selling, general and administrative, net		23,386		50,162
Interest expense, net		3,979		7,943
Income before income taxes		(1,747)		1,910
Reclassifications and Corrections [Member]				
Other restaurant operating costs to Interest expense net [Abstract]				
Restaurant sales and operating revenue		(48)		(48)
Payroll and related costs		(1,963)		(4,089)
Other restaurant operating costs		(628)		(546)
Selling, general and administrative, net		2,024		3,635
Interest expense, net		519		952
Income before income taxes		$ 0		$ 0

EMPLOYEE POST-EMPLOYMENT BENEFITS (Details) (USD $)	0 Months Ended	6 Months Ended	3 Months Ended		6 Months Ended		3 Months Ended		6 Months Ended	
	Jun. 05, 2012	Dec. 04, 2012	Dec. 04, 2012 Pension Plans, Defined Benefit [Member]	Nov. 29, 2011 Pension Plans, Defined Benefit [Member]	Dec. 04, 2012 Pension Plans, Defined Benefit [Member]	Nov. 29, 2011 Pension Plans, Defined Benefit [Member]	Dec. 04, 2012 Postretirement Medical and Life Benefits [Member]	Nov. 29, 2011 Postretirement Medical and Life Benefits [Member]	Dec. 04, 2012 Postretirement Medical and Life Benefits [Member]	Nov. 29, 2011 Postretirement Medical and Life Benefits [Member]
EMPLOYEE POST-EMPLOYMENT BENEFITS [Abstract]										
Defined benefit pension plans		3								
Estimated contributions to be made in remainder of fiscal year		$ 400,000								
Lump sum pension payment accrued liability for CEO	(8,100,000)	(8,100,000)								
Number of months after which lump sum pension payment will be made	6 months									
Defined contribution plans	2									
Defined Benefit Plan Disclosure [Line Items]										
Service cost			115,000	134,000	230,000	268,000	3,000	2,000	6,000	4,000
Interest cost			525,000	576,000	1,050,000	1,152,000	15,000	18,000	30,000	36,000
Expected return on plan assets			(102,000)	(126,000)	(204,000)	(252,000)				
Amortization of prior service cost			26,000 [1]	64,000 [1]	52,000 [1]	128,000 [1]	(14,000) [1]	(14,000) [1]	(28,000) [1]	(28,000) [1]
Recognized actuarial loss			565,000	426,000	1,130,000	852,000	53,000	34,000	106,000	68,000
Net periodic benefit cost			1,129,000	1,074,000	2,258,000	2,148,000	57,000	40,000	114,000	80,000
Executive Retirements [Abstract]										
Severance Costs	2,200,000									
Pension Plan, estimated charge		$ 2,800,000								

[1] Prior service costs are amortized on a straight-line basis over the average remaining service period of employees expected to receive benefits.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (USD $) In Thousands, unless otherwise specified	Dec. 04, 2012	Jun. 05, 2012
Current assets:		
Cash and cash equivalents	$ 25,594	$ 48,184
Accounts receivable	6,772	4,700
Inventories:		
Merchandise	30,096	19,918
China, silver and supplies	9,249	9,112
Income tax receivable	1,822	837
Deferred income taxes	30,074	27,134
Prepaid rent and other expenses	12,815	13,670
Assets held for sale	4,178	4,713
Total current assets	120,600	128,268
Property and equipment, net	910,898	966,605
Goodwill	9,022	7,989
Other assets	68,620	70,675
Total assets	1,109,140	1,173,537
Current liabilities:		
Accounts payable	28,641	34,948
Accrued liabilities:		
Taxes, other than income and payroll	12,049	14,475
Payroll and related costs	30,853	32,546
Insurance	7,702	7,433
Deferred revenue - gift cards	13,502	8,758
Rent and other	20,700	21,610
Current portion of long-term debt, including capital leases	9,988	12,454
Total current liabilities	123,435	132,224
Long-term debt and capital leases, less current maturities	298,709	314,209
Deferred income taxes	19,858	37,567
Deferred escalating minimum rent	46,465	45,259
Other deferred liabilities	74,752	68,054
Total liabilities	563,219	597,313
Commitments and contingencies (Note L)		
Shareholders' equity:		
Common stock, $0.01 par value; (authorized: 100,000 shares; issued: 62,095 shares at 12/04/12; 64,038 shares at 6/05/12)	621	640
Capital in excess of par value	72,281	90,856
Retained earnings	486,516	498,985
Deferred compensation liability payable in Company stock	1,063	1,008
Company stock held by Deferred Compensation Plan	(1,063)	(1,008)

Accumulated other comprehensive loss	(13,497)	(14,257)
Total shareholders' equity	545,921	576,224
Total liabilities & shareholders' equity	$ 1,109,140	$ 1,173,537

RELATED PARTY TRANSACTIONS (Details) (USD $)	3 Months Ended		6 Months Ended	
	Dec. 04, 2012	Nov. 29, 2011	Dec. 04, 2012	Nov. 29, 2011
Related Party Transaction [Line Items]				
Number of Restaurants	742		742	
50 Eggs [Member]				
Related Party Transaction [Line Items]				
Number of contracts			2	
Payments to related party	$ 200,000		$ 600,000	
50 Eggs [Member] | Lime Fresh [Member]				
Related Party Transaction [Line Items]				
Monthly fee for marketing services			52,500	
50 Eggs [Member] | Marlin & Ray's [Member]				
Related Party Transaction [Line Items]				
Monthly fee for marketing services			26,250	
Gourmet Market, Inc. [Member]				
Related Party Transaction [Line Items]				
Payments to related party	14,423	38,265	53,250	98,097
Percentage of gross sales, licensing fee (in hundredths)			2.00%	
Term of agreement			2 years	
Monthly payments during first 12 months of agreement			20,833	
Monthly payments during second 12 months of agreement			$ 10,417	
Gourmet Market, Inc. [Member] | Truffles [Member]				
Related Party Transaction [Line Items]				
Number of Restaurants	2		2	
Gourmet Market, Inc. [Member] | Truffles [Member] | Contingency Option 1 [Member]				
Related Party Transaction [Line Items]				
Number of Restaurants	18		18	
Contingency time period			5 years	
Gourmet Market, Inc. [Member] | Truffles [Member] | Contingency Option 2 [Member]				
Related Party Transaction [Line Items]				
Number of Restaurants	40		40	
Contingency time period			10 years	

BASIS OF PRESENTATION	6 Months Ended Dec. 04, 2012

BASIS OF PRESENTATION [Abstract]

BASIS OF PRESENTATION

NOTE A – BASIS OF PRESENTATION

Ruby Tuesday, Inc., including its wholly-owned subsidiaries ("RTI," the "Company," "we," and/or "our"), owns and operates Ruby Tuesday®, Lime Fresh Mexican Grill® ("Lime Fresh"), Marlin & Ray's™, and Wok Hay® casual dining restaurants. We also operate Truffles® restaurants pursuant to a license agreement and franchise the Ruby Tuesday, Lime Fresh, and Wok Hay concepts in selected domestic and international markets. The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles ("GAAP") for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring entries) considered necessary for a fair presentation have been included. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Operating results for the 13- and 26-week periods ended December 4, 2012 are not necessarily indicative of results that may be expected for the 52-week year ending June 4, 2013.

The condensed consolidated balance sheet at June 5, 2012 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in RTI's Annual Report on Form 10-K for the fiscal year ended June 5, 2012.

Immaterial Reclassifications and Corrections of Prior Period Condensed Consolidated Statement of Operations and Comprehensive (Loss)/Income

As shown in the tables below, we made the following reclassifications and/or corrections to our Condensed Consolidated Statement of Operations and Comprehensive (Loss)/Income for the 13 and 26 weeks ended November 29, 2011 (in thousands):

- reclassified certain non-restaurant related sales from Restaurant sales and operating revenue to Selling, general, and administrative, net;
- reclassified and/or corrected certain employee fringe benefit and payroll tax expenses for corporate employees and field executives from Payroll and related costs, which is intended to capture payroll and related expenses for restaurant level employees, to Selling, general and administrative, net. Salaries and wages for these employees were already captured within the Selling, general and administrative, net caption;
- reclassified certain expenses not directly related to restaurant operations from Other restaurant operating costs to Selling, general and administrative, net; and
- corrected amortization expense of debt issuance costs and fees relating to our revolving credit facility from Other restaurant operating costs to Interest expense, net.

	As presented - Thirteen weeks ended November 29, 2011	Reclassifications and Corrections	As adjusted - Thirteen weeks ended November 29, 2011
Restaurant sales and operating revenue	$ 306,203	$ (48)	$ 306,155
Payroll and related costs	107,777	(1,963)	105,814
Other restaurant operating costs	65,429	(628)	64,801

Selling, general and administrative, net	23,386	2,024	25,410
Interest expense, net	3,979	519	4,498
Loss before income taxes	(1,747)	0	(1,747)

	As presented - Twenty-six weeks ended November 29, 2011	Reclassifications and Corrections	As adjusted - Twenty-six weeks ended November 29, 2011
Restaurant sales and operating revenue	$ 635,057	$ (48)	$ 635,009
Payroll and related costs	220,764	(4,089)	216,675
Other restaurant operating costs	134,084	(546)	133,538
Selling, general and administrative, net	50,162	3,635	53,797
Interest expense, net	7,943	952	8,895
Income before income taxes	1,910	0	1,910

We made these reclassifications and corrections as we believe that reporting these amounts as shown above will more accurately reflect the nature of the expenses in our Condensed Consolidated Statements of Operations and Comprehensive (Loss)/Income and are necessary to conform to the current period presentation and GAAP. We have determined the reclassifications and corrections made to the prior period Condensed Consolidated Statement of Operations and Comprehensive (Loss)/Income in previous filings to be immaterial.

ACCOUNTS RECEIVABLE (Details) (USD $)	Dec. 04, 2012	Jun. 05, 2012
Accounts, Notes, Loans and Financing Receivable [Line Items]		
Accounts and notes receivable - current, gross	$ 6,772,000	$ 4,700,000
Due from our distributor for purchases of lobster	1,100,000	900,000
Due for third party gift card sales	2,200,000	1,300,000
Due from third-party maintenance provider	1,400,000	
Number of Restaurants	742	
Rebates Receivable [Member]		
Accounts, Notes, Loans and Financing Receivable [Line Items]		
Accounts and notes receivable - current, gross	832,000	923,000
Amounts Due from Franchisees [Member]		
Accounts, Notes, Loans and Financing Receivable [Line Items]		
Accounts and notes receivable - current, gross	770,000	770,000
Other Receivables [Member]		
Accounts, Notes, Loans and Financing Receivable [Line Items]		
Accounts and notes receivable - current, gross	5,170,000	3,007,000
RT Midwest [Member]		
Accounts, Notes, Loans and Financing Receivable [Line Items]		
Number of Restaurants	13	
Total indebtness owed by RT Midwest to RTI as of date of RT Midwest bankruptcy filing	2,300,000	
Franchise fee receivables	$ 2,300,000	

BASIS OF PRESENTATION (Policies)	6 Months Ended Dec. 04, 2012
BASIS OF PRESENTATION [Abstract]	
Consolidation Policy	Ruby Tuesday, Inc., including its wholly-owned subsidiaries ("RTI," the "Company," "we," and/or "our"), owns and operates Ruby Tuesday®, Lime Fresh Mexican Grill® ("Lime Fresh"), Marlin & Ray's™, and Wok Hay® casual dining restaurants. We also operate Truffles® restaurants pursuant to a license agreement and franchise the Ruby Tuesday, Lime Fresh, and Wok Hay concepts in selected domestic and international markets. The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles ("GAAP") for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring entries) considered necessary for a fair presentation have been included. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Operating results for the 13- and 26-week periods ended December 4, 2012 are not necessarily indicative of results that may be expected for the 52-week year ending June 4, 2013.

INVENTORIES (Details) (USD $) In Thousands, unless otherwise specified	Dec. 04, 2012	Jun. 05, 2012
INVENTORIES [Abstract]		
Merchandise inventory	$ 30,096	$ 19,918

(LOSS)/EARNINGS PER SHARE AND STOCK REPURCHASES (Tables)	6 Months Ended Dec. 04, 2012
(LOSS)/EARNINGS PER SHARE AND STOCK REPURCHASES [Abstract]	
Earnings per share	Basic (loss)/earnings per share is computed by dividing net (loss)/income by the weighted average number of common shares outstanding during each period presented. Diluted (loss)/earnings per share gives effect to stock options and restricted stock outstanding during the applicable periods, if dilutive. The following table reflects the calculation of weighted-average common and dilutive potential common shares outstanding as presented in the accompanying Condensed Consolidated Statements of Operations and Comprehensive (Loss)/Income (in thousands, except per-share data):

	Thirteen weeks ended		Twenty-six weeks ended	
	December 4, 2012	November 29, 2011	December 4, 2012	November 29, 2011
Net (loss)/income	$ (15,068)	$ (2,001)	$ (12,469)	$ 1,092
Weighted-average common shares outstanding	62,005	62,598	62,409	63,177
Dilutive effect of stock options and restricted stock	–	–	–	552
Weighted average common and dilutive potential common shares outstanding	62,005	62,598	62,409	63,729
Basic (loss)/earnings per share	$ (0.24)	$ (0.03)	$ (0.20)	$ 0.02
Diluted (loss)/earnings per share	$ (0.24)	$ (0.03)	$ (0.20)	$ 0.02

Anti-dilutive stock options and restricted shares

Stock options with an exercise price greater than the average market price of our common stock and certain options with unrecognized compensation expense do not impact the computation of diluted (loss)/earnings per share because the effect would be anti-dilutive. The following table summarizes stock options and restricted shares that did not impact the computation of diluted (loss)/earnings per share because their inclusion would have had an anti-dilutive effect (in thousands):

	Thirteen weeks ended		Twenty-six weeks ended	
	December 4, 2012	November 29, 2011	December 4, 2012	November 29, 2011
Stock options	3,371*	3,404*	3,002*	2,074
Restricted shares	1,647*	1,143*	1,376*	899
Total	5,018	4,547	4,378	2,973

(LOSS)/EARNINGS PER SHARE AND STOCK REPURCHASES

6 Months Ended

Dec. 04, 2012

(LOSS)/EARNINGS PER SHARE AND STOCK REPURCHASES [Abstract]

(LOSS)/EARNINGS PER SHARE AND STOCK REPURCHASES

NOTE B – (LOSS)/EARNINGS PER SHARE AND STOCK REPURCHASES

Basic (loss)/earnings per share is computed by dividing net (loss)/income by the weighted average number of common shares outstanding during each period presented. Diluted (loss)/earnings per share gives effect to stock options and restricted stock outstanding during the applicable periods, if dilutive. The following table reflects the calculation of weighted-average common and dilutive potential common shares outstanding as presented in the accompanying Condensed Consolidated Statements of Operations and Comprehensive (Loss)/Income (in thousands, except per-share data):

	Thirteen weeks ended		Twenty-six weeks ended	
	December 4, 2012	November 29, 2011	December 4, 2012	November 29, 2011
Net (loss)/income	$ (15,068)	$ (2,001)	$ (12,469)	$ 1,092
Weighted-average common shares outstanding	62,005	62,598	62,409	63,177
Dilutive effect of stock options and restricted stock	–	–	–	552
Weighted average common and dilutive potential common shares outstanding	62,005	62,598	62,409	63,729
Basic (loss)/earnings per share	$ (0.24)	$ (0.03)	$ (0.20)	$ 0.02
Diluted (loss)/ earnings per share	$ (0.24)	$ (0.03)	$ (0.20)	$ 0.02

Stock options with an exercise price greater than the average market price of our common stock and certain options with unrecognized compensation expense do not impact the computation of diluted (loss)/earnings per share because the effect would be anti-dilutive. The following table summarizes stock options and restricted shares that did not impact the computation of diluted (loss)/earnings per share because their inclusion would have had an anti-dilutive effect (in thousands):

	Thirteen weeks ended		Twenty-six weeks ended	
	December 4, 2012	November 29, 2011	December 4, 2012	November 29, 2011
Stock options	3,371*	3,404*	3,002*	2,074
Restricted shares	1,647*	1,143*	1,376*	899
Total	5,018	4,547	4,378	2,973

* Due to a net loss for the 13 weeks ended December 4, 2012 and November 29, 2011 as well as for the 26 weeks ended December 4, 2012, all then outstanding share-based awards were excluded from the computation of diluted loss per share.

During the first 26 weeks of fiscal 2013, we repurchased 2.8 million shares of our common stock at a cost of $20.0 million. As of December 4, 2012, the total number of remaining shares authorized by our Board of Directors to be repurchased was 3.1 million. All shares repurchased during the 26 week period were cancelled as of December 4, 2012.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (Parenthetical) (USD $)	Dec. 04, 2012	Jun. 05, 2012
Shareholders' equity:		
Common stock, par value (in dollars per share)	$ 0.01	$ 0.01
Common stock, authorized (in shares)	100,000	100,000
Common stock, issued (in shares)	62,095	64,038

COMMITMENTS AND CONTINGENCIES	6 Months Ended Dec. 04, 2012
COMMITMENTS AND CONTINGENCIES [Abstract]	
COMMITMENTS AND CONTINGENCIES	*NOTE L – COMMITMENTS AND CONTINGENCIES*

Litigation

We are presently, and from time to time, subject to pending claims and lawsuits arising in the ordinary course of business. We provide reserves for such claims when payment is probable and estimable in accordance with GAAP. At this time, in the opinion of management, the ultimate resolution of pending legal proceedings, including the matter referred to below, will not have a material adverse effect on our operations, financial position, or cash flows.

On September 30, 2009, an age discrimination case styled Equal Employment Opportunity Commission (Pittsburgh) v. Ruby Tuesday, Inc., was filed in the United States District Court for the Western District of Pennsylvania. The U.S. Equal Employment Opportunity Commission ("EEOC") Pittsburgh Area Office alleges in the suit that the Company was in violation of the Age Discrimination in Employment Act ("ADEA") by failing to hire employees within the protected age group in five Pennsylvania restaurants and one Ohio restaurant. On October 19, 2009, the EEOC filed a Notice of an ADEA Directed Investigation ("DI"), regarding potential age discrimination in violation of the ADEA in hiring and discharge for all positions at all restaurant facilities. We have denied the allegations in the lawsuit and are vigorously defending against both the suit and the DI. We have filed motions seeking to dismiss the lawsuit based on the EEOC's failure to conciliate the matter prior to filing suit and objecting to the EEOC filing suit and launching the DI simultaneously. Discovery is ongoing in both matters. Despite the pending suit and DI, we do not believe that this matter will have a material adverse effect on our operations, financial position, or cash flows.

On November 8, 2010, a personal injury case styled Dan Maddy v. Ruby Tuesday, Inc., which had been filed in the Circuit Court for Rutherford County, Tennessee, was resolved through mediation. Included in the Maddy settlement was a payment made by our secondary insurance carrier of $2,750,000. Despite making this voluntary payment, our secondary insurance carrier filed a claim against us based on our alleged failure to timely notify the carrier of the Maddy case in accordance with the terms of the policy.

We believe our secondary insurance carrier received timely notice in accordance with the policy and we are vigorously defending this matter. Should we incur potential liability to our secondary carrier, we believe we have indemnification claims against two claims administrators.

We believe, and have obtained a consistent opinion from outside counsel, that we have valid coverage under our insurance policies for any amounts in excess of our self-insured retention. We believe this provides a basis for not recording a liability for any contingency associated with the Maddy settlement. We further believe we have the right to the indemnification referred to above. Based on the information currently available, our December 4, 2012 and June 5, 2012 Condensed Consolidated Balance Sheets reflect no accrual relating to the Maddy case. There can be no assurance, however, that we will be successful in our defense of our carrier's claim against us.

Document and Entity Information	6 Months Ended Dec. 04, 2012	Jan. 08, 2013
Document and Entity Information [Abstract]		
Entity Registrant Name	RUBY TUESDAY INC	
Entity Central Index Key	0000068270	
Current Fiscal Year End Date	--06-05	
Entity Well-known Seasoned Issuer	No	
Entity Voluntary Filers	No	
Entity Current Reporting Status	Yes	
Entity Filer Category	Accelerated Filer	
Entity Common Stock, Shares Outstanding		61,695,565
Document Fiscal Year Focus	2013	
Document Fiscal Period Focus	Q2	
Document Type	10-Q	
Amendment Flag	false	
Document Period End Date	Dec. 04, 2012	

FAIR VALUE MEASUREMENTS	6 Months Ended Dec. 04, 2012
FAIR VALUE MEASUREMENTS [Abstract]	
FAIR VALUE MEASUREMENTS	*NOTE M – FAIR VALUE MEASUREMENTS*

The following table presents the fair values of our financial assets and liabilities measured at fair value on a recurring basis and the level within the fair value hierarchy in which the measurements fall (in thousands):

	Level	December 4, 2012	June 5, 2012
Deferred compensation plan: other investments – Assets	1	$ 8,240	$ 7,974
Deferred compensation plan: other investments – Liabilities	1	(8,240)	(7,974)
Deferred compensation plan: RTI common stock – Equity	1	1,063	1,008
Deferred compensation plan: RTI common stock – Equity	1	(1,063)	(1,008)
Total		$ –	$ –

During the 13 and 26 weeks ended December 4, 2012 and November 29, 2011, there were no transfers among levels within the fair value hierarchy.

The Ruby Tuesday, Inc. 2005 Deferred Compensation Plan (the "Deferred Compensation Plan") and the Ruby Tuesday, Inc. Restated Deferred Compensation Plan (the "Predecessor Plan") are unfunded, non-qualified deferred compensation plans for eligible employees. Assets earmarked to pay benefits under the Deferred Compensation Plan and Predecessor Plan are held by a rabbi trust. We report the accounts of the rabbi trust in our Condensed Consolidated Financial Statements. The investments held by these plans are reported at fair value. The realized and unrealized holding gains and losses related to these investments, as well as the offsetting compensation expense, is recorded in Selling, general and administrative expense in the Condensed Consolidated Financial Statements.

The following table presents the fair values for those assets and liabilities measured on a non-recurring basis and remaining on our Condensed Consolidated Balance Sheets as of December 4, 2012 and June 5, 2012 (in thousands):

	Fair Value Measurements		
	Level	December 4, 2012	June 5, 2012
Long-lived assets held for sale *	2	$ 23,303	$26,495
Long-lived assets held for use	2	8,204	385
Total		$31,507	$26,880

* Included in the carrying value of long-lived assets held for sale as of December 4, 2012 and June 5, 2012 are $19.1 million and $21.8 million, respectively, of assets included in Construction in progress in the Condensed Consolidated Balance Sheets as we do not expect to sell these assets within the next 12 months.

The following table presents the losses recognized during the 13 and 26 weeks ended December 4, 2012 and November 29, 2011 resulting from fair value measurements of assets and liabilities measured on a non-recurring basis. These losses are included in Closures and impairments in our Condensed Consolidated Statements of Operations and Comprehensive (Loss)/Income (in thousands):

	Thirteen weeks ended		Twenty-six weeks ended	
	December 4, 2012	November 29, 2011	December 4, 2012	November 29, 2011
Long-lived assets held for sale	$ 354	$ –	$ 511	$ 206
Long-lived assets held for use	18,160	630	18,451	630
	$ 18,514	$ 630	$ 18,962	$ 836

Long-lived assets held for sale are valued using Level 2 inputs, primarily information obtained through broker listings and sales agreements. Costs to market and/or sell the assets are factored into the estimates of fair value for those assets included in Assets held for sale on our Condensed Consolidated Balance Sheets.

We review our long-lived assets (primarily property, equipment, and, as appropriate, reacquired franchise rights and favorable leases) related to each restaurant to be held and used in the business, whenever events or changes in circumstances indicate that the carrying amount of the long-lived asset may not be recoverable.

Long-lived assets held for use presented in the table above include restaurants or groups of restaurants that were impaired as a result of our quarterly impairment review or restaurants that were impaired as a result of the Ruby Tuesday, Inc. Board of Directors approving on January 9, 2013 management's plan to close 13 Marlin & Ray's restaurants, two Lime Fresh restaurants, and one Wok Hay restaurant during the third quarter of fiscal 2013. From time to time, the table will also include closed restaurants or surplus sites not meeting held for sale criteria that have been offered for sale at a price less than their carrying value.

The Level 2 fair values of our long-lived assets held for use are based on broker estimates of the value of the land, building, leasehold improvements, and other residual assets.

Our financial instruments at December 4, 2012 and June 5, 2012 consisted of cash and cash equivalents, accounts receivable and payable, long-term debt, and letters of credit. The fair values of cash and cash equivalents and accounts receivable and payable approximated carrying value because of the short-term nature of these instruments. The carrying amounts and fair values of our other financial instruments not measured on a recurring basis using fair value, however subject to fair value disclosures are as follows (in thousands):

	December 4, 2012		June 5, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt and capital leases	$ 308,697	$ 303,769	$ 326,663	$ 312,225
Letters of credit	–	245	–	222

We estimated the fair value of debt and letters of credit using market quotes and present value calculations based on market rates.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS)/INCOME (UNAUDITED) (USD $) In Thousands, except Share data, unless otherwise specified	3 Months Ended		6 Months Ended	
	Dec. 04, 2012	Nov. 29, 2011	Dec. 04, 2012	Nov. 29, 2011
Revenue:				
Restaurant sales and operating revenue	$ 302,753	$ 306,155	$ 634,018	$ 635,009
Franchise revenue	1,480	1,250	3,136	2,741
Total revenue	304,233	307,405	637,154	637,750
Operating costs and expenses:				
Cost of merchandise	84,297	91,562	173,822	189,137
Payroll and related costs	102,788	105,814	212,022	216,675
Other restaurant operating costs	66,996	64,801	134,152	133,538
Depreciation	15,120	16,414	30,512	32,700
Selling, general and administrative, net	38,958	25,410	82,387	53,797
Closures and impairments	18,251	653	19,375	1,098
Interest expense, net	7,181	4,498	13,971	8,895
Gain on extinguishment of debt	(571)	0	(571)	0
Total operating and costs and expenses	333,020	309,152	665,670	635,840
(Loss)/income before income taxes	(28,787)	(1,747)	(28,516)	1,910
(Benefit)/provision for income taxes	(13,719)	254	(16,047)	818
Net (loss)/income	(15,068)	(2,001)	(12,469)	1,092
Other comprehensive income:				
Pension liability reclassification, net of tax	380	308	761	616
Total comprehensive (loss)/income	$ (14,688)	$ (1,693)	$ (11,708)	$ 1,708
(Loss)/earnings per share:				
Basic (in dollars per share)	$ (0.24)	$ (0.03)	$ (0.20)	$ 0.02
Diluted (in dollars per share)	$ (0.24)	$ (0.03)	$ (0.20)	$ 0.02
Weighted average shares:				
Basic (in shares)	62,005	62,598	62,409	63,177
Diluted (in shares)	62,005	62,598	62,409	63,729
Cash dividends declared per share (in dollars per share)	$ 0	$ 0	$ 0	$ 0

LONG-TERM DEBT AND CAPITAL LEASES	6 Months Ended Dec. 04, 2012
LONG-TERM DEBT AND CAPITAL LEASES [Abstract]	
LONG TERM DEBT AND CAPITAL LEASES	*NOTE G – LONG-TERM DEBT AND CAPITAL LEASES*

Long-term debt and capital lease obligations consist of the following (in thousands):

	December 4, 2012	June 5, 2012
Senior unsecured notes	$ 238,500	$ 250,000
Unamortized discount	(3,296)	(3,646)
Senior unsecured notes less unamortized discount	235,204	246,354
Mortgage loan obligations	73,305	80,076
Capital lease obligations	188	233
	308,697	326,663
Less current maturities	9,988	12,454
	$ 298,709	$ 314,209

On May 14, 2012, we entered into an indenture (the "Indenture") among the Company, certain subsidiaries of the Company as guarantors and Wells Fargo Bank, National Association as trustee, governing the Company's $250.0 million aggregate principal amount of 7.625% senior notes due 2020 (the "Senior Notes"). The Senior Notes were issued at a discount of $3.7 million, which is being amortized using the effective interest method over the eight year term of the notes.

The Senior Notes are guaranteed on a senior unsecured basis by our existing and future domestic restricted subsidiaries, subject to certain exceptions. They rank equal in right of payment with our existing and future senior indebtedness and senior in right of payment to any of our future subordinated indebtedness. The Senior Notes are effectively subordinated to all of our secured debt, including borrowings outstanding under our revolving credit facility, to the extent of the value of the assets securing such debt and structurally subordinated to all of the liabilities of our existing and future subsidiaries that do not guarantee the Senior Notes.

Interest on the Senior Notes is calculated at 7.625% per annum, payable semiannually on each May 15 and November 15, commencing November 15, 2012, to holders of record on the May 1 or November 1 immediately preceding the interest payment date. Accrued interest on the Senior Notes and our other long-term debt and capital lease obligations is included in Accrued liabilities – Rent and other in our Condensed Consolidated Balance Sheets. The Senior Notes mature on May 15, 2020.

At any time prior to May 15, 2016, we may redeem the Senior Notes, in whole or in part, at a redemption price equal to 100% of the principal amount, plus an applicable "make-whole" premium and accrued and unpaid interest. At any time on or after May 15, 2016, we may redeem the Senior Notes, in whole or in part, at the redemption prices specified in the Indenture plus accrued and unpaid interest. At any time prior to May 15, 2015, we may redeem up to 35% of the Senior Notes from the proceeds of certain equity offerings. There is no sinking fund for the Senior Notes.

The Indenture contains covenants that limit, among other things, our ability and the ability of certain of our subsidiaries to (i) incur or guarantee additional indebtedness; (ii) declare or pay dividends, redeem stock or make other distributions to stockholders; (iii) make certain investments; (iv) create liens or use assets as security in other transactions; (v) merge or consolidate, or sell, transfer, lease or dispose of substantially all of their assets; (vi) enter into transactions with affiliates; and (vii) sell or transfer certain assets. These covenants are subject to a number of important exceptions and qualifications, as described in the Indenture, and certain covenants will not apply at any time when the Senior Notes are rated investment grade by the Rating Agencies, as defined in the Indenture. The Indenture also provides for events of default, which, if any of them occurs, would permit or require the principal, premium, if any, interest and any other monetary obligations on all the then outstanding Senior Notes to be due and payable immediately.

In connection with the issuance of the Senior Notes, we have agreed to register with the SEC notes having substantially identical terms as the Senior Notes, as part of an offer to exchange freely tradable exchange notes for the Senior Notes. We have agreed: (i) within 270 days after the issue date of the Senior Notes, to file a registration statement enabling holders of the Senior Notes to exchange the privately placed notes for publicly registered notes with substantially identical terms; (ii) to use commercially reasonable efforts to cause the registration statement to become effective within 365 days after the issue date of the Senior Notes; (iii) to consummate the exchange offer within 405 days after the issue date of the Senior Notes; and (iv) to file a shelf registration statement for resale of the notes if we cannot consummate the exchange offer within the time period listed above.

If we fail to meet these targets (each, a "registration default"), the annual interest rate on the Senior Notes will increase by 0.25%. The annual interest rate on the Senior Notes will increase by an additional 0.25% for each subsequent 90-day period during which the registration default continues, up to a maximum additional interest rate of 1.0% per year over the otherwise applicable annual interest rate of 7.625%. If we cure the registration default, the interest rate on the Senior Notes will revert to the original level.

On August 10, 2012, we entered into the third amendment to our five-year revolving credit agreement (the "Credit Facility" discussed below) which, among other things, allows us to repurchase up to $15.0 million of the Senior Notes in any fiscal year. During the first 26 weeks of fiscal 2013, we repurchased $11.5 million of the Senior Notes for $10.9 million plus a negligible amount of accrued interest. We realized a gain of $0.6 million on these transactions. The balance on the Senior Notes was $238.5 million at December 4, 2012 as a result of these repurchases. As of December 4, 2012, we may repurchase an additional $3.5 million of the Senior Notes during the remainder of fiscal 2013.

On December 1, 2010, we entered into the Credit Facility, under which we could borrow up to $320.0 million with the option to increase our capacity by $50.0 million to $370.0 million. On May 14, 2012, we entered into the second amendment to our revolving credit facility to, among other things, reduce the maximum aggregate revolving commitment to $200.0 million, secure the revolving credit facility with a lien over the equity interests of certain subsidiaries, modify certain financial covenants and ratios and permit the issuance of the Senior Notes.

The terms of the Credit Facility provide for a $40.0 million letter of credit subcommitment. The Credit Facility also includes a $50.0 million franchise facility subcommitment (the "Franchise Facility Subcommitment"), which covered our previous guarantees of franchise debt. The Franchise Facility Subcommitment matures no later than December 1, 2015. All amounts guaranteed under the Franchise Facility Subcommitment have been settled.

The interest rate charged on borrowings pursuant to the Credit Facility can vary depending on the interest rate option we choose to utilize. Our Base Rate for borrowings is defined to be the higher of Bank of America's prime rate, the Federal Funds Rate plus 0.5%, or an adjusted LIBO Rate plus 1.00%, plus an applicable margin ranging from 0.25% to 1.50%. The applicable margin for our Eurodollar Borrowings ranges from 1.25% to 2.50% depending on our Total Debt to EBITDAR ratio.

A commitment fee for the account of each lender at a rate ranging from 0.300% to 0.450% (depending on our Total Debt to EBITDAR ratio) on the daily amount of the unused revolving commitment of such lender is payable on the last day of each calendar quarter and on the termination date of the Credit Facility. On the first day after the end of each calendar quarter until the termination date of the Credit Facility, we are required to pay a letter of credit fee for the account of each lender with respect to such lender's participation in each letter of credit. The letter of credit fee accrues at the applicable margin for Eurodollar Loans then in effect on the average daily amount of such lender's letter of credit exposure (excluding any portion attributable to unreimbursed letter of credit disbursements) attributable to such letter of credit during the period from and including the date of issuance of such letter of credit to but excluding the date on which such letter of credit expires or is drawn in full. Besides the commitment fee and the letter of credit fee, we are also required to pay a fronting fee on the daily amount of the letter of credit exposure (excluding any portion attributable to unreimbursed letter of credit disbursements) on the tenth day after the end of each calendar quarter until the termination date of the Credit Facility. We must also pay standard fees with respect to issuance, amendment, renewal or extension of any letter of credit or processing of drawings thereunder.

We are entitled to make voluntary prepayments of our borrowings under the Credit Facility at any time, in whole or in part, without premium or penalty. Subject to certain exceptions, mandatory prepayments will be required upon occurrence of certain events, including the revolving credit exposure of all lenders exceeding the aggregate revolving commitment then in effect, sales of certain assets and any additional debt issuances.

Under the terms of the Credit Facility, we had no borrowings outstanding at either December 4, 2012 or June 5, 2012. After consideration of letters of credit outstanding, we had $189.8 million available under the Credit Facility as of December 4, 2012.

The Credit Facility contains a number of customary affirmative and negative covenants that, among others, limit or restrict our ability to incur liens, engage in mergers or other fundamental changes, make acquisitions, investments, loans and advances, pay dividends or other distributions, sell or otherwise dispose of certain assets, engage in certain transactions with affiliates, enter into burdensome agreements or certain hedging agreements, amend organizational documents, change accounting practices, incur additional indebtedness and prepay other indebtedness. In addition, under the Credit Facility, we are required to comply with financial covenants relating to the maintenance of a maximum leverage ratio and a minimum fixed charge coverage ratio and we were in compliance with these financial covenants as of December 4, 2012. The terms of the Credit Facility require us to maintain a maximum leverage ratio of no more than 4.5 to 1.0 through the fiscal quarter ending on or about June 4, 2013 and 4.25 to 1.0 thereafter and a minimum fixed charge coverage ratio of 1.75 to 1.0 through and including the fiscal quarter ending on or about June 3, 2014 and 1.85 to 1.0 thereafter.

The Credit Facility terminates on December 1, 2015. Upon the occurrence of an event of default, the lenders may terminate the loan commitments, accelerate all loans and exercise any of their rights under the Credit Facility and any ancillary loan documents.

Our $73.3 million in mortgage loan obligations as of December 4, 2012 consists of various loans acquired upon franchise acquisitions. These loans, which mature between March 2013 and November 2022, have balances which range from $0.1 million to $8.2 million and interest rates of 3.91% to 11.28%. Many of the properties acquired from franchisees collateralize the loans outstanding.

PROPERTY, EQUIPMENT, ASSETS HELD FOR SALE, OPERATING LEASES, AND SALE-LEASEBACK TRANSACTIONS	**6 Months Ended**
	Dec. 04, 2012
PROPERTY, EQUIPMENT, ASSETS HELD FOR SALE, OPERATING LEASES, AND SALE-LEASEBACK TRANSACTIONS [Abstract]	
PROPERTY, EQUIPMENT, ASSETS HELD FOR SALE, OPERATING LEASES, AND SALE-LEASEBACK TRANSACTIONS	

NOTE F – PROPERTY, EQUIPMENT, ASSETS HELD FOR SALE, OPERATING LEASES, AND SALE-LEASEBACK TRANSACTIONS

Property and equipment, net, is comprised of the following (in thousands):

	December 4, 2012	June 5, 2012
Land	$ 235,522	$ 244,498
Buildings	468,474	494,537
Improvements	408,436	421,143
Restaurant equipment	255,228	276,576
Other equipment	90,916	95,400
Construction in progress and other*	28,906	26,473
	1,487,482	1,558,627
Less accumulated depreciation	576,584	592,022
	$ 910,898	$ 966,605

* Included in Construction in progress and other as of December 4, 2012 and June 5, 2012 are $19.1 million and $21.8 million, respectively, of assets held for sale that are not classified as such in the Condensed Consolidated Balance Sheets as we do not expect to sell these assets within the next 12 months. These assets primarily consist of parcels of land upon which we have no intention to build restaurants.

Included within the current assets section of our Condensed Consolidated Balance Sheets at December 4, 2012 and June 5, 2012 are amounts classified as held for sale totaling $4.2 million and $4.7 million, respectively. Assets held for sale primarily consist of parcels of land upon which we have no intention to build restaurants, land and buildings of closed restaurants, and various liquor licenses. During the 13 and 26 weeks ended December 4, 2012, we sold surplus properties with carrying values of $1.6 million at net gains of $0.5 million for both periods. Cash proceeds, net of broker fees, from these sales during the 13 and 26 weeks ended December 4, 2012 totaled $2.1 million for both periods. During the 13 and 26 weeks ended November 29, 2011, we sold surplus properties with carrying values of $1.5 million for both periods, at net gains that were negligible and $0.1 million, respectively. Cash proceeds, net of broker fees, from these sales during the 13 and 26 weeks ended November 29, 2011 totaled $1.5 million for both periods.

Approximately 55% of our 742 restaurants are located on leased properties. Of these, approximately 66% are land leases only; the other 34% are for both land and building. The initial terms of these leases expire at various dates over the next 24 years. These leases may also contain required increases in minimum rent at varying times during the lease term and have options to extend the terms of the leases at a rate that is included in the original lease agreement. Most of our leases require the payment of additional (contingent) rent that is based upon a percentage of restaurant sales above agreed upon sales levels for the year. These sales levels vary for each restaurant and are established in the lease agreements. We recognize contingent rental expense (in annual as well as interim periods) prior to the achievement of the specified target that triggers the contingent rental expense, provided that achievement of that target is considered probable.

During the 13 and 26 weeks ended December 4, 2012, we completed sale-leaseback transactions of the land and building for five and 14 Company-owned Ruby Tuesday concept restaurants, respectively, for gross cash proceeds of $11.7 million and $32.0 million, respectively, exclusive of transaction costs of approximately $0.6 million and $1.6 million, respectively. Equipment was not included. The carrying value of the properties sold was $8.4 million and $22.7 million, respectively. The leases have been classified as operating leases and have initial terms of 15 years, with fair market value-based renewal options of up to 20 years. Net proceeds from the sale-leaseback transactions were used for general corporate purposes, including the repurchase of shares of our common stock, and debt payments.

We realized gains on these transactions during the 13 and 26 weeks ended December 4, 2012 of $2.7 million and $7.7 million, respectively, which have been deferred and are being recognized on a straight-line basis over the lease term. The current portion of the deferred gains on all sale-leaseback transactions to date was $0.8 million and $0.3 million as of December 4, 2012 and June 5, 2012, respectively, and is included in Accrued liabilities – Rent and other in our Condensed Consolidated Balance Sheets. The long-term portion of the deferred gains on all sale-leaseback transactions to date was $11.1 million and $4.2 million as of December 4, 2012 and June 5, 2012, respectively, and is included in Other deferred liabilities in our Condensed Consolidated Balance Sheets. Amortization of the deferred gains of $0.2 million and $0.3 million is included within Other restaurant operating costs in our Condensed Consolidated Statement of Operations and Comprehensive (Loss)/Income for the 13 and 26 weeks ended December 4, 2012, respectively.

BASIS OF PRESENTATION (Tables)	6 Months Ended Dec. 04, 2012
BASIS OF PRESENTATION [Abstract]	
Schedule of other operating cost to interest expense	As shown in the tables below, we made the following reclassifications and/or corrections to our Condensed Consolidated Statement of Operations and Comprehensive (Loss)/Income for the 13 and 26 weeks ended November 29, 2011 (in thousands):

- reclassified certain non-restaurant related sales from Restaurant sales and operating revenue to Selling, general, and administrative, net;
- reclassified and/or corrected certain employee fringe benefit and payroll tax expenses for corporate employees and field executives from Payroll and related costs, which is intended to capture payroll and related expenses for restaurant level employees, to Selling, general and administrative, net. Salaries and wages for these employees were already captured within the Selling, general and administrative, net caption;
- reclassified certain expenses not directly related to restaurant operations from Other restaurant operating costs to Selling, general and administrative, net; and
- corrected amortization expense of debt issuance costs and fees relating to our revolving credit facility from Other restaurant operating costs to Interest expense, net.

	As presented - Thirteen weeks ended November 29, 2011	Reclassifications and Corrections	As adjusted - Thirteen weeks ended November 29, 2011
Restaurant sales and operating revenue	$ 306,203	$ (48)	$ 306,155
Payroll and related costs	107,777	(1,963)	105,814
Other restaurant operating costs	65,429	(628)	64,801
Selling, general and administrative, net	23,386	2,024	25,410
Interest expense, net	3,979	519	4,498
Loss before income taxes	(1,747)	0	(1,747)

	As presented - Twenty-six weeks ended November 29, 2011	Reclassifications and Corrections	As adjusted - Twenty-six weeks ended November 29, 2011
Restaurant sales and operating revenue	$ 635,057	$ (48)	$ 635,009
Payroll and related costs	220,764	(4,089)	216,675
Other restaurant operating costs	134,084	(546)	133,538
Selling, general and administrative, net	50,162	3,635	53,797
Interest expense, net	7,943	952	8,895
Income before income taxes	1,910	0	1,910

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS	6 Months Ended
	Dec. 04, 2012
RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS [Abstract]	
RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS	*NOTE N – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS* **Accounting Pronouncements Adopted in Fiscal 2013** In June 2011, the Financial Accounting Standards Board ("FASB") issued guidance on the presentation of total comprehensive income, the components of net income, and the components of other comprehensive income. This guidance is intended to improve the comparability, consistency, and transparency of financial reporting and to increase the prominence of items reported in other comprehensive income. The guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011 (our fiscal 2013 first quarter). The adoption of this guidance did not have a material impact on our Condensed Consolidated Financial Statements. In September 2011, the FASB issued guidance modifying the impairment test for goodwill by allowing businesses to first decide whether they need to do the two-step impairment test. Under the guidance, a business no longer has to calculate the fair value of a reporting unit unless it believes it is very likely that the reporting unit's fair value is less than the carrying value. The guidance is effective for impairment tests for fiscal years beginning after December 15, 2011 (our fiscal 2013 first quarter). The adoption of this guidance did not have a material impact on our Condensed Consolidated Financial Statements. **Accounting Pronouncements Not Yet Adopted** In July 2012, the FASB issued guidance on testing indefinite-lived intangible assets for impairment. Under the guidance, testing the decline in the realizable value (impairment) of indefinite-lived intangible assets other than goodwill has been simplified. The guidance allows an organization the option to first assess qualitative factors to determine whether it is necessary to perform the quantitative impairment test. An organization electing to perform a qualitative assessment is no longer required to calculate the fair value of an indefinite-lived intangible asset unless the organization determines, based on a qualitative assessment, that it is "more likely than not" that the asset is impaired. The guidance is effective for impairment tests for fiscal years beginning after September 15, 2012 (our fiscal 2014). We do not expect the adoption of this guidance to have a material impact on our Condensed Consolidated Financial Statements.

INCOME TAXES	6 Months Ended Dec. 04, 2012
INCOME TAXES [Abstract]	
INCOME TAXES	*NOTE J – INCOME TAXES* We had a liability for unrecognized tax benefits of $9.2 million and $6.4 million as of December 4, 2012 and June 5, 2012, respectively. As of December 4, 2012 and June 5, 2012, the total amount of unrecognized tax benefits that, if recognized, would impact our effective tax rate was $4.0 million and $4.2 million, respectively. The liability for unrecognized tax benefits as of December 4, 2012 includes $0.9 million related to tax positions for which it is reasonably possible that the total amounts could change within the next twelve months based on the outcome of examinations and negotiations with tax authorities. Interest and penalties related to unrecognized tax benefits are recognized as components of income tax expense. As of December 4, 2012 and June 5, 2012, we had accrued $1.1 million and $1.0 million, respectively, for the payment of interest and penalties. During the first 26 weeks of fiscal 2013, accrued interest and penalties increased by $0.1 million, all of which affected the effective tax rate for the same time period. Under Accounting Standards Codification 740 ("ASC 740"), companies are required to apply their estimated annual tax rate on a year-to-date basis in each interim period. Under ASC 740, companies should not apply the estimated annual tax rate to interim financial results if the estimated annual tax rate is not reliably predictable. In this situation, the interim tax rate should be based on the actual year-to-date results. Based on our current projections, a small change in pre-tax earnings would result in a material change in the estimated annual effective tax rate, producing significant variations in the customary relationship between income tax expense and pre-tax accounting income in interim periods. As such, and in contrast with our previous methods of recording income tax expense, we recorded a tax benefit for the first and second quarters of fiscal 2013 based on the actual year-to-date results, in accordance with ASC 740. We recorded a tax benefit of $13.7 million and $16.0 million during the 13- and 26-week periods ended December 4, 2012, respectively, compared to tax expense of $0.3 million and $0.8 million during the 13- and 26-week periods ended November 29, 2011. The change in income taxes was attributable to a change in method of recording interim income tax expense as discussed above, coupled with lower pre-tax income for the current year periods as compared to those same periods of the prior year, an increase in the tax benefit of FICA Tip and Work Opportunity credits based on that change in accounting method, and a decrease in unrecognized tax benefits for the quarter. At December 4, 2012, we are no longer subject to U.S. federal income tax examinations by tax authorities for fiscal years prior to 2008 with the exception of our fiscal years 2004 and 2005 as a result of fiscal 2009 NOL carryback, and with few exceptions, state and local examinations by tax authorities prior to fiscal year 2008.

CLOSURES AND IMPAIRMENTS EXPENSE	6 Months Ended Dec. 04, 2012
CLOSURES AND IMPAIRMENTS EXPENSE [Abstract]	
CLOSURES AND IMPAIRMENTS EXPENSE	*NOTE H – CLOSURES AND IMPAIRMENTS EXPENSE*

As discussed further in Note P to the Condensed Consolidated Financial Statements, in an effort to focus on the successful sales turnaround of our core Ruby Tuesday concept and position our Lime Fresh concept for long-term success as a growth vehicle, on January 9, 2013, the Board of Directors of Ruby Tuesday, Inc. approved management's plan to close all 13 Marlin & Ray's restaurants in the third quarter of fiscal 2013, as well as the Company's one Wok Hay restaurant and two of the Lime Fresh Mexican Grill restaurants. The two Lime Fresh restaurants had been opened by the Company within the last twelve months and were not among those purchased in April 2012. Additionally, the Company will seek a buyer for its two Truffles Café restaurants. As a result of this decision, a pre-tax impairment charge of $16.9 million was recognized within Closures and Impairments Expense for the 13 weeks ended December 4, 2012.

Closures and impairment expenses include the following for the 13 and 26 weeks ended December 4, 2012 and November 29, 2011 (in thousands):

	Thirteen weeks ended		Twenty-six weeks ended	
	December 4, 2012	November 29, 2011	December 4, 2012	November 29, 2011
Property impairments	$ 18,514	$ 630	$ 18,962	$ 836
Closed restaurant lease reserves	(99)	(153)	379	(74)
Other closing costs	343	226	632	416
Gain on sale of surplus properties	(507)	(50)	(598)	(80)
	$ 18,251	$ 653	$ 19,375	$ 1,098

A rollforward of our future lease obligations associated with closed properties is as follows (in thousands):

	Lease Obligations
Balance at June 5, 2012	$ 6,813
Closing expense including rent and other lease charges	379
Payments	(1,581)
Transfer of deferred escalating minimum rent balance	348
Other adjustments	(19)
Balance at December 4, 2012	$ 5,940

For the remainder of fiscal 2013 and beyond, our focus will be on obtaining settlements on as many of these leases as possible and these settlements could be higher or lower than the amounts recorded. The actual amount of any cash payments made by the Company for lease contract termination costs will be dependent upon ongoing negotiations with the landlords of the leased restaurant properties.

Included within closing expense in the table above are $0.2 million in charges we recorded during the first quarter of fiscal 2013 associated with lease obligations on a restaurant subleased to RT Midwest that has closed. As of December 4, 2012, we subleased to RT Midwest three sites upon which the restaurants are still open. Cash rents of $0.8 million are required under the terms of the subleases. Should RT Midwest decide to close any of these restaurants we may incur further lease obligations associated with these subleases.

At December 4, 2012, we had 30 restaurants that had been open more than one year with rolling 12-month negative cash flows, of which 20 have been impaired to salvage value. Of the 10 which remained, we reviewed the plans to improve cash flows at each of the restaurants and determined that no impairment was necessary. The remaining net book value of these 10 restaurants was $7.0 million at December 4, 2012.

Should sales at these restaurants not improve within a reasonable period of time, further impairment charges are possible. Considerable management judgment is necessary to estimate future cash flows, including cash flows from continuing use, terminal value, closure costs, salvage value, and sublease income. Accordingly, actual results could vary significantly from our estimates.

EMPLOYEE POST-EMPLOYMENT BENEFITS	6 Months Ended
	Dec. 04, 2012
EMPLOYEE POST-EMPLOYMENT BENEFITS [Abstract]	
EMPLOYEE POST-EMPLOYMENT BENEFITS	

NOTE I – EMPLOYEE POST-EMPLOYMENT BENEFITS

We sponsor three defined benefit pension plans for active employees and offer certain postretirement benefits for retirees. A summary of each of these is presented below.

Retirement Plan
RTI sponsors the Morrison Restaurants Inc. Retirement Plan (the "Retirement Plan"). Effective December 31, 1987, the Retirement Plan was amended so that no additional benefits would accrue and no new participants may enter the Retirement Plan after that date. Participants receive benefits based upon salary and length of service.

Minimum funding for the Retirement Plan is determined in accordance with the guidelines set forth in employee benefit and tax laws. From time to time we may contribute additional amounts as we deem appropriate. We estimate that we will be required to make contributions totaling $0.4 million to the Retirement Plan during the remainder of fiscal 2013.

Executive Supplemental Pension Plan and Management Retirement Plan
Under these unfunded defined benefit pension plans, eligible employees earn supplemental retirement income based upon salary and length of service, reduced by social security benefits and amounts otherwise receivable under other specified Company retirement plans. Effective June 1, 2001, the Management Retirement Plan was amended so that no additional benefits would accrue and no new participants may enter the plan after that date.

On November 30, 2012, Samuel E. Beall, III, our Chief Executive Officer stepped down from management and the Board of Directors. Because he is entitled to receive his entire pension payment in a lump-sum six months following his retirement, we have classified an amount representing that pension payment ($8.1 million) into Accrued liabilities – Payroll and related costs in our December 4, 2012 and June 5, 2012 Condensed Consolidated Balance Sheets.

Postretirement Medical and Life Benefits
Our Postretirement Medical and Life Benefits plans provide medical and life insurance benefits to certain retirees. The medical plan requires retiree cost sharing provisions that are more substantial for employees who retire after January 1, 1990.

The following tables detail the components of net periodic benefit costs and the amounts recognized in our Condensed Consolidated Financial Statements for the Retirement Plan, Management Retirement Plan, and the Executive Supplemental Pension Plan (collectively, the "Pension Plans") and the Postretirement Medical and Life Benefits plans (in thousands):

	Pension Benefits			
	Thirteen weeks ended		Twenty-six weeks ended	
	December 4, 2012	November 29, 2011	December 4, 2012	November 29, 2011
Service cost	$ 115	$ 134	$ 230	$ 268
Interest cost	525	576	1,050	1,152
Expected return on plan assets	(102)	(126)	(204)	(252)
Amortization of prior service cost	26	64	52	128
Recognized actuarial loss	565	426	1,130	852

Net periodic benefit cost	$ 1,129	$ 1,074	$ 2,258	$ 2,148

	Postretirement Medical and Life Benefits			
	Thirteen weeks ended		Twenty-six weeks ended	
	December 4, 2012	November 29, 2011	December 4, 2012	November 29, 2011
Service cost	$ 3	$ 2	$ 6	$ 4
Interest cost	15	18	30	36
Amortization of prior service cost	(14)	(14)	(28)	(28)
Recognized actuarial loss	53	34	106	68
Net periodic benefit cost	$ 57	$ 40	$ 114	$ 80

(a) Prior service costs are amortized on a straight-line basis over the average remaining service period of employees expected to receive benefits.

We also sponsor two defined contribution retirement savings plans. Information regarding these plans is included in our Annual Report on Form 10-K for the fiscal year ended June 5, 2012.

Executive Retirement

On June 6, 2012, we announced that Samuel E. Beall, III, our founder, President, Chief Executive Officer, and Chairman of the Board of Directors, decided to step down from management and the Board of Directors. Mr. Beall stepped down on November 30, 2012. In connection with a transition agreement between the Company and Mr. Beall, the material terms of which were finalized as of June 5, 2012, we accrued $2.2 million of severance during the fourth quarter of fiscal 2012. Mr. Beall's severance payment was paid on December 18, 2012.

As previously mentioned, Mr. Beall will receive a lump sum payment of $8.1 million, representing the full amount due to him under the Executive Supplemental Pension Plan, six-months following his retirement. As Mr. Beall retired on November 30, 2012, this payment will be required in fiscal 2013. Due to the significance of this payment to the Executive Supplemental Pension Plan as a whole, the payment will constitute a partial plan settlement which will require a special valuation. In addition to the expense we routinely record for the Executive Supplemental Pension Plan, a charge estimated to approximate $2.8 million will then be recorded, representing the recognition of a pro rata portion (calculated as the percentage reduction in the projected benefit obligation due to the lump-sum payment) of the then unrecognized loss recorded within accumulated other comprehensive loss.

SHARE-BASED EMPLOYEE COMPENSATION	6 Months Ended
	Dec. 04, 2012
SHARE-BASED EMPLOYEE COMPENSATION [Abstract]	
SHARE-BASED EMPLOYEE COMPENSATION	*NOTE K – SHARE-BASED EMPLOYEE COMPENSATION*

We compensate our employees and directors using share-based compensation through the following plans:

The Ruby Tuesday, Inc. Stock Incentive and Deferred Compensation Plan for Directors
Under the Ruby Tuesday, Inc. Stock Incentive and Deferred Compensation Plan for directors (the "Directors' Plan"), non-employee directors are eligible for awards of share-based incentives. Restricted shares granted under the Directors' Plan either cliff vest after a one year period or vest in equal amounts after one, two, and three years provided the director continually serves on the Board of Directors. Options issued under the Directors' Plan become vested after 30 months and are exercisable until five years after the grant date. Stock option exercises are settled with the issuance of new shares of common stock.

All options awarded under the Directors' Plan have been at the fair market value at the time of grant. A committee, appointed by the Board of Directors, administers the Directors' Plan. At December 4, 2012, we had reserved 36,000 shares of common stock under the Directors' Plan, 35,000 of which were subject to options outstanding, for a net of 1,000 shares of common stock currently available for issuance under the Directors' Plan.

The Ruby Tuesday, Inc. 2003 Stock Incentive Plan and the Ruby Tuesday, Inc. 1996 Stock Incentive Plan
A committee, appointed by the Board of Directors, administers the Ruby Tuesday, Inc. 2003 Stock Incentive Plan ("2003 SIP") and the Ruby Tuesday, Inc. 1996 Stock Incentive Plan ("1996 SIP"), and has full authority in its discretion to determine the key employees and officers to whom share-based incentives are granted and the terms and provisions of share-based incentives. Option grants under the 2003 SIP and 1996 SIP can have varying vesting provisions and exercise periods as determined by such committee. Options granted under the 2003 SIP and 1996 SIP vest in periods ranging from immediate to fiscal 2014, with the majority vesting within three years following the date of grant, and the majority expiring five or seven (but some up to 10) years after grant. A majority of the currently unvested restricted shares granted in fiscal year 2013 are performance-based and a majority of the unvested restricted shares granted in fiscal year 2012 are service-based. All of the currently unvested restricted shares granted during fiscal 2011 are service-based. The 2003 SIP and 1996 SIP permit the committee to make awards of shares of common stock, awards of stock options or other derivative securities related to the value of the common stock, and certain cash awards to eligible persons. These discretionary awards may be made on an individual basis or for the benefit of a group of eligible persons. All options awarded under the 2003 SIP and 1996 SIP have been awarded with an exercise price equal to the fair market value at the time of grant.

At December 4, 2012, we had reserved a total of 4,772,000 and 938,000 shares of common stock for the 2003 SIP and 1996 SIP, respectively. Of the reserved shares at December 4, 2012, 1,645,000 and 938,000 were subject to options outstanding for the 2003 SIP and 1996 SIP, respectively. Stock option exercises are settled with the issuance of new shares. Net shares of common stock available for issuance at December 4, 2012 under the 2003 SIP and 1996 SIP were 3,127,000 and negligible, respectively.

New Chief Executive Officer Awards

On December 1, 2012, James J. Buettgen became President and CEO of the Company. In connection with Mr. Buettgen's appointment as CEO, on December 3, 2012 he received an initial award of approximately 68,000 service-based restricted shares and 102,000 performance-based restricted shares, which both cliff vest 2.5 years following the grant date. Pursuant to the terms of Mr. Buettgen's employment agreement, the Company has guaranteed the earning of the performance-based restricted shares at the greater of the target value of the award or based on the Company's achievement of certain performance conditions related to fiscal 2013 performance, which will be measured in the first quarter of fiscal 2014.

In addition to the above, on December 3, 2012, Mr. Buettgen received a one-time make-whole equity award which was comprised of approximately 179,000 service-based restricted shares and 253,000 service-based stock options. The restricted shares cliff vest 2.5 years following the grant date and the stock options vest in three equal annual installments over three years following the date of grant.

Finally, on that same date, Mr. Buettgen received a one-time high-performance and inducement award which was comprised of approximately 250,000 service-based restricted shares, 250,000 service-based stock options, and 250,000 performance-based stock options. The restricted shares cliff vest 2.5 years following the grant date and the service-based stock options vest in three equal annual installments over three years following the date of grant. The performance-based stock options will cliff vest if and when the Company's stock price appreciates to $14 per share for a period of 20 consecutive days within Mr. Buettgen's first three years of employment.

Stock Options

The following tables summarize the activity in options for the 26 weeks ended December 4, 2012 under these stock option plans (in thousands, except per-share data):

Service-based vesting:	Options	Weighted-Average Exercise Price
Balance at June 5, 2012	2,716	$ 8.79
Granted	503	7.81
Exercised	(28)	6.24
Forfeited	(70)	8.99
Balance at December 4, 2012	3,121	$ 8.65
Exercisable at December 4, 2012	2,497	$ 8.79

Performance-based vesting:	Options	Weighted-Average Exercise Price
Balance at June 5, 2012	–	$ –
Granted	250	7.81
Balance at December 4, 2012	250	$ 7.81
Exercisable at December 4, 2012	–	$ –

Included in the outstanding balance shown above are approximately 1.3 million of out-of-the-money options. Of this amount, 0.2 million of these options expired out-of-the-money subsequent to December 4, 2012.

At December 4, 2012, there was approximately $2.8 million of unrecognized pre-tax compensation expense related to non-vested stock options. This cost is expected to be recognized over a weighted-average period of 1.9 years.

Restricted Stock

The following tables summarize our restricted stock activity for the 26 weeks ended December 4, 2012 (in thousands, except per-share data):

Service-based vesting:	Restricted Stock	Weighted-Average Grant-Date Fair Value
Non-vested at June 5, 2012	797	$ 8.37
Granted	773	7.42
Vested	(291)	7.50
Forfeited	–	–
Non-vested at December 4, 2012	1,279	$ 7.99

Performance-based vesting:	Restricted Stock	Weighted-Average Grant-Date Fair Value
Non-vested at June 5, 2012	423	$ 7.75
Granted	344	6.99
Vested	(85)	7.29
Forfeited	(314)	7.87
Non-vested at December 4, 2012	368	$ 7.04

The fair values of the restricted share awards reflected above were based on the fair market value of our common stock at the time of grant. At December 4, 2012, unrecognized compensation expense related to restricted stock grants expected to vest totaled approximately $9.0 million and will be recognized over a weighted average vesting period of approximately 2.5 years.

During the second quarter of fiscal 2013, RTI granted approximately 63,000 restricted shares to non-employee directors under the terms of the Directors' Plan. These shares cliff vest over a one year period following grant of the award.

During the first quarter of fiscal 2013, we granted approximately 213,000 service-based restricted shares and 242,000 performance-based restricted shares of our common stock to certain employees under the terms of the 2003 SIP and 1996 SIP. The service-based restricted shares cliff vest 2.5 years following the grant date. Vesting of the performance-based restricted shares is also contingent upon the Company's achievement of certain performance conditions related to fiscal 2013 performance, which will be measured in the first quarter of fiscal 2014. In addition to satisfaction of the performance conditions for the performance-based restricted shares, recipients must satisfy the same service condition as described above for the service-based restricted shares.

Also during the first quarter of fiscal 2013, the Executive Compensation and Human Resources Committee of the Board of Directors determined that the performance condition was not achieved for 314,000 performance-based restricted shares awarded in August 2011 to vest. As a result, the restricted shares were cancelled and returned to the pool of shares available for grant under the 2003 SIP and 1996 SIP.

FRANCHISE PROGRAMS (Details) (USD $) In Millions, unless otherwise specified	3 Months Ended		6 Months Ended	
	Dec. 04, 2012	Nov. 29, 2011	Dec. 04, 2012	Nov. 29, 2011
Franchisor Disclosure [Line Items]				
Royalty fee percentage (in hundredths)			4.00%	
Operating agreements, national advertising fund gross sales contribution (in hundredths)			2.25%	
Operating agreements, national advertising fund gross sales contribution, maximum (in hundredths)			3.00%	
Operating agreements, support service fee, gross sales contribution, maximum (in hundredths)			1.50%	
Operating agreements, marketing and purchase fee, gross sales contribution, maximum (in hundredths)			1.50%	
Support service and marketing and purchasing fees	$ 0.1	$ 0.3	$ 0.4	$ 0.6
Lime Fresh [Member]				
Franchisor Disclosure [Line Items]				
Number of Franchise Lime Restaurants	5		5	
No Equity Interest in Operated Ruby Tuesday Restaurant [Member]				
Franchisor Disclosure [Line Items]				
Restaurants operated by traditional franchisees	77		77	

SUBSEQUENT EVENTS	6 Months Ended Dec. 04, 2012
SUBSEQUENT EVENTS [Abstract]	
SUBSEQUENT EVENTS	*NOTE P – SUBSEQUENT EVENTS*

Restaurant closures
As discussed in Note H to the Condensed Consolidated Financial Statements, we incurred impairment charges in the second quarter of fiscal 2013 associated with the planned closing of 13 Marlin & Ray's, one Wok Hay, and two Lime Fresh restaurants, as well as the planned sale of two Truffles restaurants. As of the date of this filing, we have closed all 16 planned restaurants and are focusing on the sale of the two Truffles restaurants. Accordingly, in conjunction with the closings, our third quarter Closures and Impairments Expense will include costs associated with lease terminations, future lease obligations, severance, and inventory obsolescence charges. For the remainder of fiscal 2013, we anticipate incurring charges of approximately $2.0 million to $5.0 million associated with lease termination and other closing costs. The actual amount of any cash payments made by the Company for lease contract termination costs will be dependent upon ongoing negotiations with the landlords of the leased restaurant properties.

Sale-leaseback transactions
Subsequent to December 4, 2012, we completed sale-leaseback transactions of the land and building for two Company-owned Ruby Tuesday concept restaurants for gross cash proceeds of $4.7 million, exclusive of transaction costs of approximately $0.2 million. Equipment was not included. The carrying value of the properties sold was $3.8 million. The leases have been classified as operating leases and have an initial term of 15 years, with renewal options of up to 20 years. We realized gains on these transactions totaling $0.8 million, which have been deferred and are being recognized on a straight-line basis over the lease term.

Share repurchases
Subsequent to December 4, 2012, we spent $3.2 million to repurchase 0.4 million shares of RTI common stock. On January 8, 2013, the Ruby Tuesday, Inc. Board of Directors authorized the repurchase of an additional 10.0 million shares of RTI common stock, bringing the total available for repurchase to 12.7 million shares as of January 8, 2013.

RT Midwest Restructuring
Subsequent to December 4, 2012, RT Midwest successfully emerged from its Chapter 11 bankruptcy restructuring. This franchisee, which currently operates 11 restaurants (all of which are leased), is scheduled to resume payment of franchise fees to RTI on March 6, 2013. We continue to remain a sublease guarantor for three of RT Midwest's operating restaurants, which have remaining lease terms extending through April 2019, representing total remaining exposure as of December 4, 2012 of $0.8 million.

PROPERTY, EQUIPMENT, ASSETS HELD FOR SALE, OPERATING LEASES, AND SALE-LEASEBACK TRANSACTIONS (Tables)	6 Months Ended Dec. 04, 2012
PROPERTY, EQUIPMENT, ASSETS HELD FOR SALE, OPERATING LEASES, AND SALE-LEASEBACK TRANSACTIONS [Abstract]	
Schedule of property, plant and equipment, net	Property and equipment, net, is comprised of the following (in thousands):

	December 4, 2012	June 5, 2012
Land	$ 235,522	$ 244,498
Buildings	468,474	494,537
Improvements	408,436	421,143
Restaurant equipment	255,228	276,576
Other equipment	90,916	95,400
Construction in progress and other*	28,906	26,473
	1,487,482	1,558,627
Less accumulated depreciation	576,584	592,022
	$ 910,898	$ 966,605

* Included in Construction in progress and other as of December 4, 2012 and June 5, 2012 are $19.1 million and $21.8 million, respectively, of assets held for sale that are not classified as such in the Condensed Consolidated Balance Sheets as we do not expect to sell these assets within the next 12 months. These assets primarily consist of parcels of land upon which we have no intention to build restaurants.

INCOME TAXES (Details) (USD $) In Millions, unless otherwise specified	3 Months Ended		6 Months Ended		
	Dec. 04, 2012	Nov. 29, 2011	Dec. 04, 2012	Nov. 29, 2011	Jun. 05, 2012
INCOME TAXES [Abstract]					
Unrecognized tax benefits	$ 9.2		$ 9.2		$ 6.4
Total amount of unrecognized tax benefits that impact the effective tax rate	4.0		4.0		4.2
Accrued interest and penalties	1.1		1.1		1.0
Increased accrued interest and penalties			0.1		
Increased accrued interest and penalties which affected the effective tax rate			0.1		
Tax benefit	13.7		16.0		
Tax expense		$ 0.3		$ 0.8	

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (USD $) In Thousands, unless otherwise specified	6 Months Ended	
	Dec. 04, 2012	Nov. 29, 2011
Operating activities:		
Net (loss)/income	$ (12,469)	$ 1,092
Adjustments to reconcile net (loss)/income to net cash provided by operating activities:		
Depreciation	30,512	32,700
Amortization of intangibles	1,691	1,036
Deferred income taxes	(21,407)	(211)
Loss on impairments, including disposition of assets	18,756	1,028
Share-based compensation expense	1,609	3,528
Excess tax benefits from share-based compensation	(11)	(24)
Amortization of deferred gain on sale leaseback transactions	(331)	0
Other	490	305
Changes in operating assets and liabilities:		
Receivables	(2,071)	(1,292)
Inventories	(10,315)	(3,929)
Income taxes	(985)	(601)
Prepaid and other assets	91	2,699
Accounts payable, accrued and other liabilities	(4,951)	654
Net cash provided by operating activities	609	36,985
Investing activities:		
Purchases of property and equipment	(18,505)	(20,664)
Proceeds from sale-leaseback transactions, net	30,408	0
Proceeds from disposal of assets	2,085	1,527
Insurance proceeds from property claims	0	1,548
Reductions/(increases) in Deferred Compensation Plan assets	498	(76)
Other, net	(372)	(217)
Net cash provided/(used) by investing activities	14,114	(17,882)
Financing activities:		
Net proceeds from revolving credit facility	0	5,000
Principal payments on other long-term debt	(17,485)	(6,645)
Stock repurchases	(20,012)	(18,441)
Proceeds from exercise of stock options	173	123
Excess tax benefits from share-based compensation	11	24
Net cash used by financing activities	(37,313)	(19,939)
Increase/(decrease) in cash and cash equivalents	(22,590)	(836)
Cash and cash equivalents:		
Beginning of year	48,184	9,722

End of year	25,594	8,886
Cash paid for:		
Interest, net of amount capitalized	12,806	8,640
Income taxes, net	3,517	1,151
Significant non-cash investing and financing activities:		
Retirement of fully depreciated assets	38,490	5,168
Reclassification of properties to assets held for sale	$ 763	$ 2,705

INVENTORIES	6 Months Ended Dec. 04, 2012
INVENTORIES [Abstract]	
INVENTORIES	*NOTE E – INVENTORIES* Our merchandise inventory was $30.1 million and $19.9 million as of December 4, 2012 and June 5, 2012, respectively. In order to ensure adequate supply and competitive pricing, we purchase lobster and crab in advance of our needs and store it in third-party facilities prior to our distributor taking possession of the inventory. The increase in merchandise inventory from the end of the prior fiscal year is due primarily to advance purchases of lobster and crab in part to ensure adequate supply.

LONG-TERM DEBT AND CAPITAL LEASES (Tables)	6 Months Ended Dec. 04, 2012
LONG-TERM DEBT AND CAPITAL LEASES [Abstract]	
Long-term debt and capital lease obligations	Long-term debt and capital lease obligations consist of the following (in thousands):

	December 4, 2012	June 5, 2012
Senior unsecured notes	$ 238,500	$ 250,000
Unamortized discount	(3,296)	(3,646)
Senior unsecured notes less unamortized discount	235,204	246,354
Mortgage loan obligations	73,305	80,076
Capital lease obligations	188	233
	308,697	326,663
Less current maturities	9,988	12,454
	$ 298,709	$ 314,209

LONG-TERM DEBT AND CAPITAL LEASES (Details) (USD $)	6 Months Ended		12 Months Ended				12 Months Ended					6 Months Ended					
	Dec. 04, 2012	Jun. 05, 2012	Jun. 05, 2012 Maximum [Member]	Jun. 05, 2012 Minimum [Member]	Jun. 05, 2012 Senior Notes [Member]	May 14, 2012 Senior Notes [Member]	Jun. 05, 2012 Revolving Credit Facility [Member]	May 31, 2011 Revolving Credit Facility [Member]	Dec. 04, 2012 Revolving Credit Facility [Member]	Jun. 05, 2012 Revolving Credit Facility [Member] Letter of Credit [Member]	Jun. 05, 2012 Revolving Credit Facility [Member] Franchise Facility Subcommitment [Member]	Dec. 04, 2012 Mortgage Loan Obligations [Member]	Jun. 05, 2012 Mortgage Loan Obligations [Member]	Dec. 04, 2012 Mortgage Loan Obligations [Member] Maximum [Member]	Dec. 04, 2012 Mortgage Loan Obligations [Member] Minimum [Member]	Dec. 04, 2012 Capital Lease Obligations [Member]	Jun. 05, 2012 Capital Lease Obligations [Member]
Debt Instrument [Line Items]																	
Senior unsecured notes	$ 238,500,000	$ 250,000,000															
Unamortized discount	(3,296,000)	(3,646,000)				(3,700,000)											
Senior unsecured notes less unamortized discount	235,204,000	246,354,000															
Long-term debt	308,697,000	326,663,000										73,305,000	80,076,000			188,000	233,000
Less current maturities	9,988,000	12,454,000															
Long-term debt and capital leases, less current maturities	298,709,000	314,209,000															
Aggregate principal amount						250,000,000											
Debt Instrument, Interest Rate, Stated Percentage (in hundredths)						7.625%											
Unamortized discount	3,296,000	3,646,000				3,700,000											
Senior note amortization term						8 years											
Maturity date of long-term debt					May 15, 2020												
Redemption price percentage on principal amount after 5/15/2016 (in hundredths)					100.00%												
Percentage of senior notes redeem from equity offering prior to 5/15/2016 (in hundredths)					35.00%												
Number of days in which registration statement filed per Senior note agreement					270 days												
Number of days for the registration to become effective per senior notes agreement					365 days												
Number of days within in which exchange offer consummate					405 days												
Debt instrument interest rate increase (in hundredths)					0.0025												
Increase in interest rate for each subsequent 90 day period (in hundredths)					0.25%												
Subsequent period used in interest calculation					90 days												
Additional interest rate maximum (in hundredths)					1.00%												
Debt Instrument, Repurchased Face Amount	11,500,000																
Repurchased senior notes	10,900,000																
Realized gain on repurchase	600,000																
Senior Notes which may be repurchased	3,500,000																
Line of credit initiation date								Dec. 01, 2010									
Revolving credit agreement								5 years									
Revolving credit facility, borrowing capacity								320,000,000									
Option to Increase Revolving Credit Facility Capacity								50,000,000									
Maximum borrowing capacity including option to increase line of credit borrowing capacity								370,000,000									
Revolving commitments after second amendment							200,000,000										
Credit facility subcommitment agreement										40,000,000	50,000,000						
Revolving credit facility borrowing rate							the higher of Bank of America's prime rate, the Federal Funds Rate plus 0.5%, or an adjusted LIBO Rate plus 1.00%, plus an applicable margin ranging from 0.25% to 1.50%. The applicable margin for our Eurodollar Borrowings ranges from										

			1.25% to 2.50%					
Commitment fee on unused revolving commitment (in hundredths)	0.45%	0.30%						
Line of credit facility, outstanding amount			0		0			
Line of credit facility, remaining borrowing capacity					189,800,000			
Line Of Credit Facility leverage ratio Description				The terms of the Credit Facility require us to maintain a maximum leverage ratio of no more than 4.5 to 1.0 through the fiscal quarter ending on or about June 4, 2013 and 4.25 to 1.0 thereafter and a minimum fixed charge coverage ratio of 1.75 to 1.0 through and including the fiscal quarter ending on or about June 3, 2014 and 1.85 to 1.0 thereafter.				
Maturity date range of debt, start						Mar. 01, 2013		
Maturity date range of debt, end						Nov. 30, 2022		
Range of loan balances, maximum							$ 8,200,000	$ 100,000
Interest rates of loans, minimum (in hundredths)						3.91%		
Interest rates of loans, maximum (in hundredths)						11.28%		

RELATED PARTY TRANSACTIONS	6 Months Ended Dec. 04, 2012
RELATED PARTY TRANSACTIONS [Abstract]	
RELATED PARTY TRANSACTIONS	*NOTE O – RELATED PARTY TRANSACTIONS* On June 7, 2012, we entered into two marketing agreements with 50 Eggs Branding Company, LLC ("50 Eggs"). John Kunkel, the CEO of 50 Eggs, previously was the CEO of LFMG International, LLC, and is a current Lime Fresh franchisee. Under the terms of the first agreement, 50 Eggs will provide marketing services for our Lime Fresh concept for a monthly fee of $52,500 plus out of pocket expenses. Under the terms of the second agreement, 50 Eggs will provide marketing services for our Marlin & Ray's concept for a monthly fee of $26,250 plus out of pocket expenses. Both agreements expire on June 6, 2013. Included within Selling, general, and administrative, net in our Consolidated Statements of Operations and Comprehensive (Loss)/Income for the 13 and 26 weeks ended December 4, 2012, are payments we made to 50 Eggs in connection with these agreements of $0.2 million and $0.6 million, respectively. On July 22, 2010, following the approval of the Audit Committee of our Board of Directors, we entered into a licensing agreement with Gourmet Market, Inc. which is owned by our former Chief Executive Officer's brother, Price Beall. The licensing agreement allows us to operate multiple restaurants under the Truffles name. Truffles is an upscale café concept that currently operates several restaurants in the vicinity of Hilton Head Island, South Carolina. The Truffles concept offers a diverse menu featuring soups, salads, sandwiches, a signature chicken pot pie, house-breaded fried shrimp, pasta, ribs, steaks, and a variety of desserts. Under the terms of the agreement, we pay a licensing fee to Gourmet Market, Inc. of 2.0% of gross sales of any Truffles we open. Additionally, we pay Gourmet Market, Inc. a monthly fee for up to two years for consulting services to be provided by Price Beall to assist us in developing and opening Truffles restaurants under the terms of the licensing agreement. During the first 12 months of the agreement we paid $20,833 per month for such services. During the second 12 months of the agreement we paid $10,417 per month. Gourmet Market, Inc. has the option to terminate future development rights if we do not operate 18 or more Truffles restaurants within five years or 40 or more Truffles within 10 years of the effective date of the agreement. As discussed further in Notes H and P to the Condensed Consolidated Financial Statements, on January 9, 2013 we announced the planned sale of our two Truffles restaurants. During the 13 and 26 weeks ended December 4, 2012 and November 29, 2011, we paid Gourmet Market, Inc. $14,423 and $53,250, and $38,265 and $98,097, respectively, under the terms of the agreement.