

RUBY TUESDAY, INC.
AUDIT COMMITTEE CHARTER
(Effective October 7, 2002; revised April 6, 2004 and July 13, 2004)

1. Establishment. There shall be a Committee of the Board of Directors of Ruby Tuesday, Inc. (the "Board of Directors" or "Board" and the "Company", respectively) to be known as the Audit Committee ("Committee").
2. Purpose. The Committee shall serve as an independent and objective party to review and monitor the Company's financial reporting process, internal controls regarding finance, accounting and legal compliance and the independence and performance of the Company's independent auditors ("Auditor"), and its duties shall include, without limitation, (a) assisting the Board oversight of (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the Auditor's qualifications and independence, and (iv) the performance of the Company's internal audit function and Auditor, and (b) preparing the report that the Securities and Exchange Commission ("SEC") and the New York Stock Exchange ("NYSE") rules require to be included in the Company's annual proxy statement, stating in such report whether the Committee recommends that the audited financial statements of the Company be included in the Company's Annual Report. The Committee shall also provide assistance to the Board in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community, and others relating to the Company's financial statements and financial reporting process, the systems of internal accounting and financial controls, the annual independent audit of the Company's financial statements, and the legal compliance and ethics programs as established by management and the Board. The Committee shall also provide an open avenue of communication among the Auditor, financial and senior management and the Board of Directors.
3. Composition and Term of Office. The Committee shall consist of no fewer than three (3) or more than five (5) members of the Board, including a Chairperson, elected by the Board annually from among the Directors on the recommendation of the Board's Nominating and Governance Committee, all of whom shall satisfy the independence requirements and any other requirements of the NYSE and other regulatory agencies (if/as applicable), including independence requirements specifically applicable to members of audit committees.

The Committee may determine its own rules of procedure but shall adhere to standards required by the NYSE and other appropriate governing bodies. Each member of the Committee shall be financially literate, as determined by the Board in its business judgment, and the Board shall use its best efforts to ensure that the Committee has at least one (1) member who, in the Board's business judgment, qualifies as a "financial expert" within the meaning of the relevant SEC rules. Any Committee member may be removed at any time by majority vote of the full Board.

4. Duties, Authority and Responsibilities. The Committee shall:
- (a) Meet as often as necessary to fulfill its duties, but not less than four (4) times per year. The Committee may ask members of management, representatives of the Auditor or others to attend meetings and provide information as necessary. The Committee shall meet separately, at least quarterly, with management, internal auditors (or other personnel responsible for the internal audit function), and representatives of the Auditor.
 - (b) In its capacity as a committee of the Board, (i) be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and each such registered public accounting firm must report directly to the Committee, and (ii) review and approve in advance any engagements or other arrangements with the Auditor for or related to audit or non-audit services permitted to be performed by such Auditor and, under appropriate circumstances, establish pre-approval a policy and procedure for such services consistent with applicable rules.
 - (c) Establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
 - (d) Have the authority to engage independent counsel and other advisers, as it deems necessary to carry out its duties.
 - (e) Oversee the independence of the Auditor by reviewing and discussing with the Auditor and/or Board any relationships between the Auditor and the Company or any other relationships that may adversely affect the independence of the Auditor, (ii) evaluate the Auditor's qualifications and performance, including the lead partner of the Auditor, (ii) evaluate whether, in order to assure continuing Auditor independence, there should be a rotation of the audit firm itself, and (iii) ensure the regular rotation of Auditor personnel as required by law or applicable regulation.
 - (f) Communicate with the Auditor the fact that the Board and the Committee, as the stockholders' representatives, are the Auditor's clients.
 - (g) Review and discuss with the Auditor, at a time when the annual audit plan is being developed, the scope, purpose and procedures to be utilized for such audit plan. This review shall include inquiry into the items identified in Section 5 below.

- (h) Review and discuss with Company management and the Auditor the Company's judgments about the quality of the accounting principles used in the Company's financial reporting for any fiscal quarter and any item required by SAS 61, prior to filing of each quarterly report on Form 10-Q.
- (i) Review and discuss with Company management and the Auditor the (i) unaudited financial statements of each fiscal quarter, and (ii) audited financial statements for each fiscal year, including in each case the footnotes thereto and the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations".
- (j) Review and discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
- (k) Discuss policies with respect to risk assessment and risk management, including major financial risk exposures and any steps that management has taken to monitor, control and minimize such exposures.

At least annually, obtain and review a report by the Auditor describing: (i) the firm's internal quality control procedures; and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by an inquiry or investigation by governmental or professional authorities, within the preceding five (5) years, respecting one or more independent audits carried out by the firm and any steps taken to deal with any such issues.

Review and discuss with the Auditor, following completion of the annual report, its experience, any restrictions on its work, any audit problems or difficulties and management's response, management's handling of proposed audit adjustments identified by the Auditor, cooperation received, and the Auditor's findings and its recommendations. This review shall include inquiry into the issues identified in Section 5 below.

- (l) Review and discuss with the Auditor, with or without management, the Auditor's evaluation of the Company's internal controls.
- (m) Review and discuss annually the programs that the Company has instituted to correct any control deficiencies noted by the Auditor in its previous annual review.
- (n) Review and discuss, at the Committee's discretion, with the Board and management compliance with codes of conduct established by the Company, the Board of Directors, the Committee, or any other committee of the Board of Directors.
- (o) Review with Company's counsel, legal compliance matters, including (i) corporate securities trading policies, (ii) SEC comment letters or other

communications concerning the Company's public filings, and (iii) any other legal matter that could have a material impact on the Company's financial statements.

- (p) (i) Ensure candid communication about the quality of financial reporting, (ii) consult with the Auditor, at the Committee's discretion, out of the presence of management, and (iii) meet, at the Committee's discretion, with the head of the internal auditing department to discuss matters that the Committee or the head of the internal auditing department believes should be discussed, including addressing the adequacy of the Company's internal audit function.

Review and monitor instances in which the Company's management seeks a second opinion from other independent public accountants on a significant accounting issue.

- (q) Report regularly to the Board of Directors, not less than each fiscal quarter, as well as on any other occasion that it deems appropriate, activities of the Committee, and ensure that the Auditor meets at least annually with the full Board.
- (r) Provide written affirmation to the NYSE of all such matters as required.
- (s) Set clear hiring policies for employees and former employees of the Auditor.
- (t) Perform any other activities consistent with this Charter, the Company's By-laws and governing law, as the Committee or the Board deems necessary or appropriate.
- (u) Review and assess the Company's policies and procedures with respect to executive officers expense accounts and perquisites, including their use of corporate assets.
- (v) Review and assess any significant conflicts of interest and related-party transactions.
- (w) Cause the Committee's selection of the Auditor to be submitted to the Company's shareholders for ratification in the Company's proxy statement. In connection therewith, the Committee's selection of the Auditor shall be ratified if the number of votes in favor of ratification exceeds the number of votes opposing such ratification, with abstentions and non-votes having no impact on the outcome of the vote.

5. Ensuring the Credibility of Financial Reporting. As part of its oversight responsibility, the Committee shall provide for the following to ensure the credibility of financial reporting:

- (a) Ensure that financial management and the Auditor perform a timely analysis of significant financial reporting issues and practices, including review of (a) major

issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (b) analyses prepared by management and/or the Auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and (c) the effect of regulatory and accounting initiatives, including off-balance sheet structures on the financial statements of the Company.

- (b) Ensure that financial management and the Auditor discuss with the Committee their qualitative judgments about the appropriateness, not just the acceptability, of accounting principles and financial disclosure practices used or proposed to be adopted by the Company and, particularly, about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates.
- (c) At least annually, review the judgments made by management in determining appropriate asset valuation allowances or liability reserves. Review the accounting principles and policies to be applied to complex and/or unusual transactions on an as-needed basis.
- (d) Ensure that representatives of the Auditor are available for consultation to the full Board of Directors at least quarterly.

The Committee's discussion with the Auditor about the appropriateness of accounting principles and financial disclosure practices shall generally include the following:

- (i) discuss whether the financial statements are prepared in accordance with (a) GAAP, and (b) SEC disclosure requirements, and whether the financial statements fairly present to investors, with clarity and completeness, the Company's financial position and performance for the reporting period;
- (ii) the Auditor's independent qualitative judgments about the appropriateness, not just the acceptability, of the accounting principles and the clarity of the financial disclosure practices used or proposed to be adopted by the Company;
- (iii) the Auditor's views about whether management's choices of accounting principles are conservative, moderate or extreme and whether those principles are common practices or minority practices;
- (iv) the Auditor's reasoning in determining the appropriateness of (a) changes in accounting principles and disclosure practices, and (b) adoption by management of accounting principles and disclosure practices for new transactions and events;

- (v) the Auditor's reasoning in accepting or questioning significant estimates made by management;
- (vi) the Auditor's views about how the Company's choices of accounting principles and disclosure practices may affect shareholders and public views and attitudes about the Company;
- (vii) the Auditor's opinion relating to any significant accounting judgments made by management in preparing the financial statements that would have been made differently had the Auditor itself prepared and been responsible for the financial statements;
- (vi) any issues that the Auditor reviewed with its national office; and
- (vii) any correspondence from regulators or governmental agencies, and any employee complaints or published reports, which raise issues regarding the Company's financial statements or accounting policies.

6. Funding.

The Company shall provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of:

- (a) compensation to any registered public accounting firm for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
- (b) compensation to any advisors employed by the Committee under Sections 4(c) and 4(d) above; and
- (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

7. Meetings/Miscellaneous.

- (a) Notice of Committee meetings shall be given as provided in the Company's bylaws for meetings of the full Board.
- (b) A majority of Committee members shall constitute a quorum for the transaction of business. The action of a majority of those present at a meeting, at which a quorum is present, shall be the act of the Committee.
- (c) The Committee shall keep a record of its actions and proceedings, and make a report thereof from time to time (not less than quarterly) to the Board.

- (d) The Committee shall perform such other functions which from time to time may be assigned by the Board.
- (e) The Committee may form, and delegate authority to, subcommittees when appropriate, as determined by the Committee.
- (f) The Committee shall review and reassess the adequacy of this Charter annually and recommend changes with respect thereto to the Board of Directors.
- (g) The Committee shall annually evaluate its own performance and recommend changes with respect thereto.