

**RUBY TUESDAY, INC.
COMPENSATION AND STOCK OPTION
COMMITTEE CHARTER**

I. Purpose

I.A. The Ruby Tuesday, Inc. (the “Company”) Compensation and Stock Option Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) to discharge the Board’s responsibilities relating to compensation of the Company’s directors and executives. The Committee has overall responsibility for approving and evaluating the director and officer compensation plans, policies and programs of the Company such that the Company’s officers and directors are compensated effectively in a manner consistent with the stated compensation strategy of the Company, internal equity considerations, competitive practice, and the requirements of the appropriate regulatory bodies to enable the Company to attract and retain high-quality leadership.

I.B. The Committee shall produce an annual report on executive compensation for inclusion in the Company’s proxy statement, in accordance with applicable rules and regulations.

I.C. The Committee shall perform such other functions which from time to time may be assigned by the Board.

I.D. The Committee may form, and delegate authority to, subcommittees when appropriate, as determined by the Committee.

II. Committee Membership

II.A. The Committee shall consist of no fewer than three (3) members, including a chairperson, as determined by the Board annually on the recommendation of the Board’s Nominating & Governance Committee. The members of the Committee shall meet the independence and disinterested requirements, and any other requirements, of the New York Stock Exchange (“NYSE”) and other regulatory agencies.

II.B. The size of the Committee and its members shall be designated annually by a majority of the full Board on the recommendation of the Board’s Nominating & Governance Committee. Any Committee member may be removed at any time by majority vote of the full Board.

III. Committee Meetings

III.A. The Committee shall meet as often as necessary to fulfill its duties upon the notice provided in the Company’s bylaws for meetings of the full Board, but not less than as follows:

1. April – to consider, and authorize, annual awards of long term incentive (stock option) compensation
2. July – to review and adjust, as necessary, base salary compensation of Company executives; to review and evaluate the achievement of performance objectives regarding annual incentive (bonus) compensation for the immediately prior fiscal year to authorize the payment of bonus to Company executives (including the Chief Executive Officer) consistent therewith, and to establish performance objectives regarding annual incentive (bonus) compensation for the then current fiscal year for Company executives, including the Chief Executive Officer.

III.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.

III.C. The Committee shall keep a record of its actions and proceedings, and make a report thereof from time to time to the Board.

IV. Committee Authority and Responsibilities

IV.A. The Committee shall annually make recommendations to the Board with respect to the compensation of all non-employee directors and executive officers, including base salaries, salary increases, bonus opportunity and achievement, and participation in incentive-compensation plans and equity-based plans. Such recommendations shall (1) support the Company's overall business strategy and objectives; (2) be designed to attract and retain directors and executives; (3) link compensation with business objectives and organizational performance in good and bad times; and (4) provide competitive compensation among peer group companies.

IV.B. (1) The Company's compensation philosophy emphasizes performance-based executive compensation, is intended to closely align performance measures with current business strategy, and is designed to motivate executive behavior. Generally, the Company controls base salaries and compensates outstanding performance through more highly leveraged annual and longer-term incentive programs. The overall objectives of this strategy are to attract and retain the best possible executive talent and to motivate the Company's executives to achieve the goals inherent in the Company's business strategy. As a result, the following principles apply to executive compensation:

- base salaries are competitive with similar high-performance restaurant companies;
- a very significant portion of executive compensation is tied to the Company's success in meeting predetermined earnings per share growth and other annual and long-term performance goals; and
- executives are required to own specified amounts of Company common stock, resulting in direct linkage between executive and shareholder interests.

(2) The key components of the Company's executive compensation strategy are base salary, annual incentive opportunities, and equity devices. The Company's policies with respect to each of these elements are as follows:

Base Salaries: the Company's general approach for base compensation of its executives, including the Chief Executive Officer, is to establish salary ranges with market targets which are at the 75th percentile of the competitive market in the casual dining industry for the Chief Executive Officer and the 50th percentile for the other executives.

Annual Incentive Compensation: the Company's annual incentive compensation philosophy directly links annual incentive payments to the accomplishment of predetermined and Board-approved financial and operating goals. Annual incentive opportunities are established for executives depending upon their respective organizational levels and responsibilities as well as competitive market practices. Corporate and individual performance objectives are established at the beginning of each fiscal year.

Long Term Incentive Compensation: awards under the Company's stock-based compensation plans directly link potential participant rewards to increases in shareholder value. The Company's stock incentive plans may provide for grants of a variety of stock incentives, including stock options, restricted stock, stock appreciation rights, stock purchase rights and performance shares or units.

IV.C. The Committee shall at least each three (3) years evaluate the competitiveness of the cash and stock compensation programs, benefits and perquisites offered to the Company's non-employee directors and executive officers, and initiate actions or recommend changes to the full Board as appropriate, consistent with the Company's compensation philosophy.

IV.D. The Committee shall:

1. annually review and approve, for the executive officers of the Company, (a) the annual base salary level, (b) annual incentive (bonus) payments, (c) the annual incentive (bonus) opportunity level, (d) the long-term incentive opportunity level, (e) employment agreements, severance arrangements, and change in control agreements/provisions, in each case as, when and if appropriate, (f) any special or supplemental benefits, and (g) other awards under any executive compensation plan or program of the Company whose participants include executives whose salaries are determined by the Committee;
2. review and approve annual stock option grants to members of the Board and executive officers;
3. review and approve annual retainer and meeting fees for the non-employee Directors and committees of the Board subject, where appropriate, to submission to shareholders;

4. assure that the Company's director and executive compensation program, including annual and long-term incentive plans, is administered in a manner consistent with the Company's compensation strategy;
5. review and approve, subject, where appropriate, to submission to shareholders, all new equity-related incentive plans.

IV.E. The Committee shall recommend to the Board amendments or modifications to the provisions of any compensation or benefit plan that does not require shareholder approval.

IV.F. The Committee shall annually review and approve corporate goals and objectives relevant to Chief Executive Officer ("CEO") compensation, evaluate the CEO's performance in light of those goals and objectives, and, subject to approval of the full Board, set the CEO's compensation levels based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee will consider, without limitation, the Company's performance and relative shareholder return and the value of incentive awards to CEOs at comparable companies.

IV.G. The Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director and/or executive compensation. . The Committee shall have authority to (1) approve the consultant's fees and other retention terms, and (2) obtain advice and assistance from internal or external legal, accounting or other advisors, in each case, at the Company's expense and without further approval from the Board.

IV.H. The Committee shall keep a record of its actions and proceedings, and make regular reports to the Board.

IV.I. The Chief Executive Officer of the Company is given full authority, which may be delegated, to establish the compensation and salary ranges for all other employees of the Company and its subsidiaries whose salaries are not subject to approval by the Committee.

V. REVIEW OF CHARTER AND COMMITTEE

V.A. The Committee shall review and reassess the adequacy of this Charter annually and recommend changes with respect thereto.

V.B. The Committee shall annually review its own performance and recommend changes with respect thereto.