



CORPORATE GOVERNANCE GUIDELINES

1. Director Qualifications

1.1 Criteria for Selecting Directors

The Board of Directors (the "Board") of McCormick & Schmick's Seafood Restaurants, Inc. (the "Company") will have a majority of directors who meet the criteria for independence under NASDAQ rules. The Nominating and Corporate Governance Committee of the Board is responsible for reviewing annually with the Board the desired skills and characteristics of new Board members as well as the composition of the Board as a whole. Among other factors, this assessment will include an analysis of the independence of directors and may include a consideration, in the context of the needs of the Board, of the following characteristics of members:

- diversity
- skills
- integrity and moral responsibility
- capacity to evaluate strategy and reach sound conclusions
- availability of time to do justice to duties as a director and willingness to devote the time required.

Nominees for director positions will be selected by the Nominating and Corporate Governance Committee in accordance with the Company's articles of incorporation (the "Articles"), the Company's bylaws (the "Bylaws"), and the policies and principles of the committee's charter.

1.2 Policy on Term Limits

The Board does not believe it should establish a limit on the number of times that a director may stand for election to the Board.

1.3 Retirement Policy

The Board does not believe there should be an established mandatory retirement age for Board members. However, age should be considered in conjunction with other criteria in determining a member's ability to continue to serve effectively.

1.4 Change in Job Responsibility

When the Chief Executive Officer ("CEO") resigns or otherwise leaves that position, he or she shall tender a resignation from the Board. The Nominating and Corporate Governance Committee shall review the continued appropriateness for Board membership in light of the change in job responsibility or status as CEO and the circumstances of the Company and shall recommend to the Board the acceptance or rejection of the tendered resignation.

1.5 Service on Other Boards

A director, who is offered a position as a director or equivalent position with another public or private company (if the private company is engaged in the restaurant business), shall obtain the approval a majority of Board members prior to accepting such position. If the CEO or an active Chairman of the Board is offered a position as a director of another public company, he or she shall discuss the offer with the Board and obtain Board approval before accepting the position.

It is explicitly understood that directors shall preserve any information of a confidential nature communicated to the director by the Company in the strictest confidence. In the same way, information of a confidential nature concerning another company will not be shared with the Company by such director.

1.6 Director Elections

In accordance with the corporation's Bylaws, if none of the stockholders provides the corporation notice of an intention to nominate one or more candidates to compete with the Board's nominees in a director election, or if any such nomination has been withdrawn by the tenth day before the Company sends its notice of meeting to the stockholders, a nominee must receive more votes cast for than against his or her election or re-election. The Board shall nominate for election or re-election as directors only candidates who agree to tender, promptly following the annual meeting at which they are elected or re-elected as directors, irrevocable resignations that will be effective upon (i) the failure to receive the required vote at the next annual meeting of stockholders and (ii) Board acceptance of such resignation. In addition, the

Board shall fill director vacancies, including vacancies occurring as the result in an increase in the number of directors, only with candidates who agree to tender, promptly following appointment to the Board, the same form of resignation tendered by other directors in accordance with this Board policy.

If an incumbent director fails to receive the required vote for re-election, the Nominating and Corporate Governance Committee will act on an expedited basis to determine whether to accept the director's resignation and will submit such recommendation for prompt consideration by the Board. The Board expects the director whose resignation is under consideration to abstain from participating in any decision regarding that resignation. The Nominating and Corporate Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept a director's resignation.

2. Director Independence Requirement

For a director to be deemed "independent" within the meaning of the NASDAQ rules, the Board must affirmatively determine that the director has no relationship with the Company that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. A director shall provide prompt notice to the Board if his or her relationship to the Company changes in such a way that his or her independence may be adversely affected. The Board will find that a director is not independent if:

- The director has been employed by the Company or by any subsidiary of the Company within the past three years;
- the director has accepted or has a non-executive employee family member who has accepted any payment from the Company or any subsidiary of the Company in excess of \$60,000 during the current fiscal year or any of the past three fiscal years, other than compensation for Board services, payments arising solely from investments in the Company's securities, benefits under a tax-qualified retirement plan, or non-discretionary compensation;
- the director is a family member of an individual who is, or within the past three years was, employed by the Company or any subsidiary of the Company as an executive officer;
- the director is a partner in, or a controlling shareholder or an executive officer of, any organization (including a nonprofit organization) to which the Company made, or from which the Company received, payments (other than

those arising solely from investments in the Company's securities or payments under non-discretionary charitable contribution matching programs) that exceed 5% of the recipient's consolidated gross revenues for that year or \$200,000, whichever is more, in the current fiscal year or any of the past three fiscal years;

- the director is employed as an executive officer of another entity where any of the Company's executive officers serve on the compensation committee of such other entity, or if such relationship existed within the past three years; or
- the director or a family member was a partner or employee of the Company's outside auditor, and worked on the Company's audit, within the last three years. (A "family member" means any person who is a relative by blood, marriage or adoption or who has the same residence.)

3. Director Responsibilities

3.1 *General Responsibilities*

The basic responsibility of a director is to exercise business judgment to act in what he or she reasonably believes to be the best interests of the Company and its shareholders. In discharging these obligations, directors are entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisers and auditors. The directors are also entitled to (i) have the Company purchase director and officer liability insurance on their behalf in reasonable amounts, (ii) the benefits of indemnification to the fullest extent permitted by law and by the certificate of incorporation, bylaws and any indemnification agreements, and (iii) exculpation as provided by state law and the certificate of incorporation.

3.2 *Director Time Commitment; Responsibilities Relating to Board Meetings; Other Board and Company Activities.* The Board recognizes that the company invests substantial amounts to obtain the counsel of individual board members, and of the group as a whole. Accordingly, MSSR expects that directors will:

1. Attend all Board meetings.
2. Attend telephonic meetings when scheduled, and board meetings telephonically when personal attendance is not possible
3. Arrange to attend company restaurant tours, board dinners, presentations and discussions scheduled around board meetings, and to remain for the duration of those meetings

4. Be available for consultation with company senior executives on selected issues in line with the individual director's skills and expertise, as reasonably scheduled.
5. Patronize company locations during travel and entertainment, provide feedback on the dining experience while using the company Quality Assurance card, and wherever possible when dining in competitive locations

It is explicitly understood that under circumstances where either the time or location of a meeting is agreed to or changed by consent of all directors, the above attendance expectations shall be met. In the event a majority of directors agree to change the time or location of a meeting, directors who cannot attend the changed meeting are expected to attend telephonically. In the event of a direct conflict for a director with a changed meeting date or time, the director so affected shall be excused from the meeting.

Information that is important to the understanding of the business to be conducted at a meeting should generally be distributed in writing to the directors before the meeting. Directors should review these materials in advance of the meeting.

The Chairman of the Board will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda and to raise at any Board meeting subjects that are not on the agenda for that meeting.

3.3 Responsibilities Relating to Annual Meetings of Shareholders

Directors are encouraged to attend annual shareholder meetings and to be available to communicate with shareholders.

3.4 Executive Sessions of Independent Directors

The independent directors will meet in executive session regularly and, in any event, at least semi-annually. The independent directors may choose one director annually to preside at all executive sessions, establish a procedure by which a presiding director will be selected or otherwise select a presiding director for any particular executive session.

4. Board Committees

The Board will have at all times an *Audit Committee*, a *Compensation Committee*, and a *Nominating and Corporate Governance Committee*. The Board may, from time to time, establish or maintain additional committees as the Board deems necessary or appropriate.

Committee members will be appointed by the Board and may be recommended for appointment by the *Nominating and Corporate Governance Committee* with consideration of the desires of individual directors. Each member of the *Audit Committee*, the *Compensation Committee* and the *Nominating and Corporate Governance Committee* shall meet the standards established by NASDAQ for independence, as and when required by those standards, and the composition of each committee, as a whole, shall meet the requirements of NASDAQ. Additionally, no member of the *Audit Committee* may simultaneously serve on the audit committee of more than three public company boards of directors unless the Board affirmatively determines that such simultaneous service will not impair the ability of that member to effectively serve on the *Audit Committee*.

The *Audit Committee*, the *Compensation Committee* and the *Nominating and Corporate Governance Committee* shall each have its own charter. The Chair of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chair of each committee, in consultation with the appropriate members of the committee and management, will develop each committee meeting's agenda.

The Board and each committee has the power to hire independent legal, financial or other advisers as it deems necessary, without consulting or obtaining the approval of any officer of the Company.

5. Director Access to Officers, Employees and Others

5.1 Access to Officers and Employees

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged directly by the director or through the chief executive officer. A director will use judgment to

ensure that any contact is not disruptive to the operations of the Company and will, to the extent appropriate, copy the chief executive officer and Chairman of the Board on any written communications between a director and an officer or employee of the Company.

5.2 Board Communication

The Board believes that communications by the Company should be made through management personnel. Nonetheless, individual Board members may, from time to time, meet or otherwise communicate with parties outside the Company, such as government officials or members of the media. Generally, Board members would do this with the knowledge of management and, absent unusual circumstances or except as otherwise contemplated by the committee charters, only at the request of management.

6. Director Compensation; Share Ownership Policy

The form and amount of director compensation will be determined by the Board pursuant to general principles established upon the recommendation of the Compensation Committee in accordance with the policies and principles in its charter and consistent with rules promulgated by NASDAQ, including without limitation those relating to director independence and to compensation of Audit Committee members.

The Compensation Committee shall review director compensation and the general compensation principles biennially, as required by its charter, and recommend any changes in the form and amount of director compensation or the principles to the Board when the committee determines a change is advisable. The Board is aware that questions as to director independence may be raised if, for example, (i) director fees and perquisites exceed what is customary, (ii) the Company makes substantial charitable contributions to organizations with which a director is affiliated, or (iii) the Company enters into consulting contracts with, or provides other indirect forms of compensation to, a director or an organization with which the director is affiliated.

The Board considers it important for its members to have interests aligned with shareholders. Toward that end, it has adopted a practice of annual grants of restricted shares, and encourages Board members to accumulate additional shares within the applicable trading windows, with the goal accumulating an ownership position of three times (3X) the annual cash retainer for service as a Board member within three years of the date of adoption of this policy. In addition, the Board considers it appropriate policy for shares granted by the company to be retained by departing directors for a one-year

period after leaving the Board, except in the case of a non-voluntary resignation or termination or other extenuating circumstances.

7. Director Orientation and Continuing Education

All new directors are expected to participate in an orientation program designed by the Company, which should generally be conducted in one or more sessions within six months of the annual meeting at which new directors are elected or the date on which new Board members are otherwise elected, as applicable. This orientation program will be designed to acquaint the new directors with the Company's business and industries. The program will typically include presentations by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, its principal officers, and its internal and independent auditors. In addition, the orientation program may include visits to Company headquarters. All other directors are also invited to attend the Orientation Program.

The Company recognizes that it is essential for the effective operation of the Board that Board members be informed and have continuing access to information concerning the Company, its markets and the business, economic, technical, accounting, legal and other relevant developments that affect the Company or the environment in which it operates. To that end, the Company will periodically make available, to its directors continuing educational opportunities designed to assist them in performing their Board and committee functions.

8. CEO Evaluation and Management Succession

8.1 Annual evaluation

The Compensation Committee will conduct, and the Nominating and Governance Committee will oversee, an annual review of the CEO's performance, as set forth in their respective charters. The Board will review any reports of these committees to assess the performance of the CEO in both the long- and short-term.

8.2 CEO and Senior Executive Succession

The Nominating and Corporate Governance Committee shall make periodic reports to the Board on the status of professional development and succession planning for the Company's senior executives, including policies and principles regarding

succession in the event of an emergency or the retirement of the CEO. The entire Board will work with the Nominating and Corporate Governance Committee to identify and evaluate potential successors to the CEO and other members of senior management. When requested by Board or the Nominating and Corporate Governance Committee, the CEO will make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

9. Annual Performance Evaluation

In accordance with their respective charters, each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee will conduct a self-evaluation annually. In connection with these evaluations, the Nominating and Corporate Governance Committee will meet annually with the Chairs of the Company's Audit Committee and Compensation Committee to evaluate the performance of these committees. The Nominating and Corporate Governance Committee will discuss the results of the evaluations and reviews, including its own self-evaluation, with the full Board following the end of each year. The Board of Directors will also conduct an annual evaluation to determine whether it and its committees are functioning effectively. The Nominating and Corporate Governance Committee will receive comments from all directors and report annually to the Board with an assessment of the Board's performance. This will be discussed with the full Board following the end of each fiscal year. The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board could improve.

10. Review of Guidelines

The Nominating and Governance Committee will review these Guidelines at least annually. The committee will recommend amendments to these Guidelines to the Board as it deems appropriate.