

Ruths Hospitality Group, Inc.  
Form FWP  
January 11, 2010

January 2010  
Issuer Free Writing Prospectus  
Filed Pursuant to Rule 433  
Registration Statement No. 333-160231

Disclaimer  
This  
presentation  
contains  
forward-looking  
statements  
that

reflect,  
when  
made,  
the  
expectations  
of  
Ruth's  
Hospitality  
Group, Inc. ("Ruth's" or the Company) or beliefs concerning future events that involve risks and uncertainties. Forward-  
looking  
statements  
frequently  
are  
identified  
by  
the  
words  
believe,  
anticipate,  
expect,  
estimate,  
intend,  
project,  
will  
be,  
will continue,  
will likely result  
or other similar words and phrases. Similarly, statements herein that describe the  
Company's objectives, plans or goals also are forward-looking statements. Actual results could differ materially from those  
projected, implied or anticipated by the Company's forward-looking statements. Some of the factors that could cause actual  
results to differ include the risk factors identified in the reports the Company files with the Securities and Exchange  
Commission (the SEC), including its Annual Report on Form 10-K for the fiscal year ended December 28, 2008 and  
subsequently  
filed  
Quarterly  
Reports  
on  
Form  
10-Q,  
all  
of  
which  
are  
available  
on  
the  
SEC's  
website  
at  
[www.sec.gov](http://www.sec.gov).

All forward-looking statements are qualified in their entirety by this cautionary statement, and the Company undertakes no obligation to revise or update this presentation after the date hereof. The Company has filed a registration statement (including a prospectus) with the SEC (File No. 333-160231) and intends to file a prospectus supplement with respect to its proposed common stock rights offering. Before you invest, you should read the prospectus and, when filed, the prospectus supplement and other documents the Company has filed with the SEC for more complete information about the Company and the rights offering. In connection with the Company's proposed private placement transaction, the Company has filed a preliminary proxy statement with the SEC and intends to file a definitive proxy statement and to mail the definitive proxy statement to the Company's shareholders. The Company and its directors and officers may be deemed to be participants in the solicitation of proxies from the Company's shareholders in connection with the private placement transaction. Information about the Company's directors and executive officers and their ownership of its securities will be set forth in the definitive proxy statement to be filed by the Company with the SEC. When available, you may obtain the foregoing documents, including the prospectus supplement and the preliminary and definitive proxy statements, for free by visiting the SEC's website at [www.sec.gov](http://www.sec.gov). In addition, copies of the prospectus

and prospectus supplement for the rights offering may be obtained, when available, from the information agent to be identified in the prospectus supplement. Investors should read the definitive proxy statement and the prospectus and prospectus supplement carefully before making any voting or investment decision because these documents will contain important information.

1

Positions Ruth's as one of the best capitalized upscale steakhouse  
chains  
Provides  
management  
with  
flexibility  
to

operate

the

business

for

long-

term success

Provides approximately \$50 million of available bank revolver capacity at attractive rates and a 5-year term

Increases capital expenditure baskets to enable the Company to take advantage of opportunistic growth opportunities

Brings in a successful, experienced restaurant investor, Bruckmann, Rosser, Sherrill & Co. ( BRS ), whose representative will serve on the board

Allows

current

shareholders

participating

in

the

rights

offering

to

limit

their dilution and allows all shareholders, if the transaction closes, to benefit from the Company's improved financial position

Rationale for Raising Additional Equity

2

Transaction Details

Sale to BRS in a private placement of Series A 10% Convertible Preferred Stock for an aggregate purchase price of \$25.0 million (the Private Placement )

Private Placement is conditioned upon:

Completing

a



Common  
Stock  
rights  
offering  
raising  
at  
least  
\$25.0  
million  
in  
gross  
proceeds (the Rights Offering )  
Obtaining shareholder consent for the Private Placement

Private Placement conversion price will be set at a 15.0% premium to the Rights  
Offering,  
with  
a  
minimum  
conversion  
price  
of  
\$2.90  
per  
share  
and  
a  
maximum  
conversion price of \$3.25 per share  
Conversion price subject to customary anti-dilution adjustments

BRS will be entitled to designate or nominate one board member so long as they own  
at  
least  
5.0%  
of  
total  
voting  
power  
of  
the  
common  
stock  
on  
an  
as  
converted  
basis  
Company  
will

conduct  
the  
Rights  
Offering,  
with  
gross  
proceeds  
of  
up  
to  
\$35.0  
million  
in  
cash assuming full participation

The Rights will be transferable and will allow for over-subscription in certain circumstances

Net proceeds of the Private Placement and the Rights Offering will be used to repay debt outstanding under the Company's revolving credit facility

A bank amendment providing covenant relief and extending the maturity of the Company's credit agreement will become effective upon meeting certain conditions, including obtaining at least \$42.5 million in net proceeds from the Private Placement and the Rights Offering

3

The Company has structured a portion of the equity raise in the form of a Rights Offering in order to allow existing shareholders to participate in its recapitalization and to minimize their ownership dilution

Illustrative Ownership Analysis

(1) Assumes  
that

all  
of  
the  
Rights  
that  
are  
exercised  
are  
exercised  
by  
existing  
shareholders,

all  
of  
whom  
exercise  
their  
Rights  
in  
full.

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Illustrative Assumptions

Current Common Shares Outstanding (in millions)

24.163

Current Stock Price (1/8/2010)

\$2.77

Convertible Preferred Stock

\$25.0

Implied Conversion Price of Convertible Preferred Stock Investment

\$3.19

Common Shares Issuable upon Conversion of the Convertible Preferred Stock (in millions)

7.848

Illustrative Ownership Analysis

Minimum Rights Offering Proceeds (\$ in millions)

\$25.0

Ownership and Participation

Participating Shareholders and Exercised Rights Percentage

71.4%

Non-participating Shareholders and Non-exercised Rights Percentage

28.6%

Post Transaction Ownership (As Converted Basis)

Participating Holders

(1)

64.1%

Ownership Dilution from Convertible Preferred Stock Issuance

(7.4%)

Sources of Funds  
Uses of Funds  
BRS Investment  
25.0  
\$  
Revolver Paydown  
45.5

\$  
Min. Rights Offering Proceeds  
25.0  
Estimated Fees & Expenses  
4.5

Total Sources of Funds  
50.0

\$  
Total Uses of Funds  
50.0

\$  
Debt Capitalization as of FYE 2009

Actual  
Leverage  
Ratio

(1)  
Pro Forma  
(2)

Leverage  
Ratio  
(1)

Revolving Credit Facility  
125.5

\$  
3.24x  
80.0

\$  
2.07x  
Total Debt

125.5  
\$  
80.0

\$  
Source: Company filings.  
(1)

LTM 9/27/2009 Bank EBITDA of \$38.7 million was used for the calculation of the actual and pro forma leverage ratio at FYE

accordance

with  
the

terms  
of

the  
Company's

existing  
credit

agreement.  
The

debt  
balance

used  
in  
the  
calculation  
of  
the  
actual  
and  
pro  
forma  
leverage

ratio at FYE 2009 was the actual and pro forma debt balance at FYE 2009, and was calculated in accordance with the Company agreement, as amended by the proposed bank amendment. For a reconciliation of Bank EBITDA, a non-GAAP financial measure, see Appendix B.

(2)  
The  
pro  
forma  
debt  
balance  
gives  
effect  
to  
the  
application  
of  
the  
net  
proceeds  
from  
the  
Private  
Placement  
and  
Rights  
Offering  
to  
repay  
indebtedness

under the credit facility assuming that the transactions had been completed at FYE 2009. The proposed Private Placement and Rights Offering consist of a minimum \$50.0 million equity raise, with net proceeds used to pay down a portion of the outstanding borrowings under the Company's revolving credit facility

The equity raise will consist of a \$25.0 million private investment by BRS and a minimum \$25.0 million Rights Offering

Pro Forma Transaction

In 2009, the Company reduced its outstanding debt by approximately \$35.0 million

(\$ in millions)





Current Management Team Accomplishments

Hired new Chief Operating Officers (Kevin Toomy and Sam Tancredi)

Launched brand positioning study

Implemented initiatives to drive traffic and top-line sales

Generated labor and operating expense savings

Generated G&A expense reductions through re-aligning corporate

support and restructuring field supervision

Established focus on generation of cash flow and reduction of balance sheet leverage

Completed sale-leaseback transaction of 5 Company-owned restaurants

Sold corporate headquarters building

Eliminated new Company-owned restaurant development

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Company Overview

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Ruth s Hospitality Group Highlights

Iconic Upscale

Steakhouse

Brand

Broad

Demographic

Appeal

Strong  
Restaurant Base  
with Solid Unit  
Economics  
Highly  
Experienced and  
Committed  
Management  
Team  
Premier Upscale-  
casual Seafood  
Concept  
Stable Franchise  
Base Generating  
Consistent  
Revenue Stream  
8

Ruth s Chris history

44+ years in business as segment leader

64 Company-owned and 66 franchisee-owned restaurants in 30 states

2008 / 2009 Recognition

Best  
Restaurant  
to  
Seal  
the  
Deal

-  
Orlando  
Magazine  
Best Steakhouse Runner-up, Best Place Special Occasion -  
Sacramento Magazine

Best  
Overall,  
Best  
Steakhouse

-  
Seminole  
Magazine  
Best  
Food, Best Overall -  
Open Table Diner Choice,  
Phoenix/Scottsdale  
Best Steakhouse -  
VisitDetroit.com

92 Locations Awarded the **Wine Spectator Award of Excellence**

Best of the Best -  
Luxury Institute Survey  
Ruth's Chris Steak House Segment Overview

9

Largest Upscale Steakhouse  
Restaurant Locations versus Competitors  
Average Check Per Customer versus Competitors  
\$  
70  
97  
81



73

74

79

70

75

60

79

105

Source: Company filings, Wall Street research and Company presentations. Ruth's Chris data as of year-end 2009.

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130

Ruth's Chris Steak House Footprint

HI

Company-owned Ruth's Chris Steak House Locations

Franchisee-owned Ruth's Chris Steak House Locations

International Locations:

Aruba

Calgary, Canada

Edmonton, Canada  
Mississauga, Canada  
Toronto, Canada  
Hong Kong  
Queensway, Hong Kong  
Tokyo, Japan  
Cabo San Lucas, Mexico  
Cancun, Mexico  
San Juan, Puerto Rico  
Kaohsiung, Taiwan  
Taichung, Taiwan  
Taipei, Taiwan  
Dubai, UAE

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Broad Appeal of Concept

Purpose of Visit

Appeals to Men and Women

Appeals to Wide Age Demographic

Source: Based on an independent survey conducted in 2007.

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Attractive Sales Mix  
Ruth's Chris Steak  
House's higher  
margin wine and  
alcoholic beverage  
sales have  
remained stable

since 2008,  
generating  
approximately 25%  
of revenues

Ruth's Chris Steak House's signature steaks, diverse accompaniments  
and extensive wine and liquor offerings drive guest appeal and generate  
an attractive sales mix

Source: Company data for LTM 9/27/2009.

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Strong Franchise Positioning  
Strength of franchise system

27 franchisees operating 51 domestic and 15 international locations in  
21 states and 8 countries

All franchisees are current on their royalty payments as of FYE 2009

Recent growth

7 new franchised restaurants in 2008 and 6 new franchised  
restaurants in 2009

International  
market  
expansion

Aruba  
2008,  
Dubai  
2009,  
San  
Juan  
2009

Business model with both Company-owned and franchisee-owned  
restaurants is unique in the upscale steakhouse segment

Provides  
approximately  
\$10

\$12  
million  
in  
aggregate  
annual  
royalty  
fees

Allows system growth without additional Company capital

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Profile of Franchise System

First franchise opened in 1976 in Baton Rouge, LA

Unlevered

franchise

system

provides

stability

and  
enables  
future  
growth  
Allows for development in secondary and tertiary markets  
Recurring, high margin revenue stream  
Franchise  
Breakdown  
Franchisees  
Units Owned  
by  
Franchisees  
% of  
Franchised  
Units  
Average  
Tenure  
Single Unit  
15  
15  
22.7%  
14 years  
2  
3 Units  
6  
14  
21.2%  
14 years  
4  
8 Units  
6  
37  
56.1%  
17 years  
Total  
27  
66  
100.0%  
Note: Data as of year-end 2009.  
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Mitchell s Fish Market  
16

#### Why Mitchell's Fish Market

Expansion into the seafood segment was a logical move for Ruth's

For health and other reasons, fish consumption has increased in the U.S., notably among higher-income households

National chains are increasingly taking market share away from

independent operators: the segment is consolidating  
Core competencies are very similar to Ruth's Chris:

Corporate culture

High quality menu

Commitment to service

Attractive unit level economics

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Mitchell's Fish Market Segment Overview  
Mitchell's Fish Market

Acquired by Ruth's Hospitality Group in February 2008

Celebrated 10 year anniversary in 2008

19 restaurants in 9 states

2009 Recognition

Best Seafood

Best Seafood

Columbus Alive

City Beat Cincinnati

Best Seafood

Best Seafood / Best Fish Market

Metro Times

Hour Detroit Magazine

Best Food

Best Seafood Selection

Stamford Plus Magazine

Tampa Bay Magazine

18

Mitchell's Fish Market Summary  
Upscale-casual seafood restaurant  
19 locations in 9 states  
Menu offers over 80 dishes with  
creative presentations and a focus on  
always fresh  
A specialized fish preparation room



ensures

all

fish

is

maintained

at

36

o

F

until it is cooked

Average lunch check of approximately

\$22.00, and average dinner check of

approximately \$38.00

(1)

Recent menu changes, Fresh Bar

program and branding campaign have

improved same store sales and unit

volumes

Restaurant Highlights

Proven success in multiple markets

Seafood consumption tends to be higher

on the coasts, which are a relatively

untapped market for the Mitchell's

concept

Seafood consumption as a whole has

been increasing; focus on freshest

possible seafood is a competitive

advantage

Popular concept appeals to developers,

providing access to prime locations

Economies of scale as restaurant base

increases

Potential for franchising

Growth Opportunities

(1)

Mitchell's Fish Market average lunch and dinner checks per the Company's 2008 10-K.

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Mitchell's Fish Market Atmosphere  
20

Significant Expansion Opportunity  
Restaurant Locations versus Competitors  
Average Check Per Customer versus Competitors  
\$  
19  
24  
25

37

38

37

34

Source:

Company

filings,

Wall

Street

research

and

Company

presentations.

Mitchell s

Fish

Market

data

as

of

year-end

2009.

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Mitchell's Fish Market Footprint  
Company-owned Mitchell's Fish Market Locations  
22

Mitchell's Fish Market Business Update  
Installed new leadership at the time of the  
acquisition  
Completed integration  
Implementing new marketing initiatives

Fixed price menu offerings

Marketing spend of 2.5-3.5% of sales

Pursuing franchising opportunities

(1) Sales summary reflects year over year comparisons.

(2) Comparable Company Index is based on an equal weighted average of the same store sales of Bonefish Grill and McCormick & Schmick's per their public SEC filings.

Sales Summary

(1)

Q3 09

Q4 09

Mitchell's Fish Market

-10.1%

-2.6%

Comparable

Company

Index

(2)

-12.3%

N/A

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Financial Overview  
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#### Financial Performance Overview

Despite pressure on the top-line, the Company has successfully increased its Adjusted EBITDA margin during the periods shown below

The Company has also exceeded its goals of generating free cash flow and paying down debt

Revenue

and Adjusted EBITDA Margin Comparison

Free Cash Flow

(2)

and Debt Comparison

FCF

\$5.1

\$20.8

(\$3.7)

\$12.0

Debt

\$160.3

\$148.5

\$166.9

\$148.5

(1)

For a reconciliation of Adjusted EBITDA, a non-GAAP financial measure, to net income, see Appendix B. Adjusted EBITDA

severance

payments,

hurricane

and

relocation

costs

and

other

costs,

cash

write-offs

of

the

Manhattan

UN

Facility

and

Mitchell's

Fish

Market

pro

forma

EBITDA prior to acquisition.

(2)

Free

Cash

Flow

represents

net

cash

provided

from

operating

activities

minus

acquisition  
of  
property  
and  
equipment.

Data

is

as

of

period

end.

See

Appendix C for a reconciliation of Free Cash Flow to cash flows from operating activities.

(\$ in millions)

25

Q3 2009 and Q3 2009 YTD Review  
Food and Beverage Cost Improvement

Primarily driven by favorable beef costs  
Restaurant Operating Expense Improvement

Execution of operations initiatives

Reduced Capital Expenditures

Spent \$0.5 million in Q3 2009, \$3.3 million through Q3 2009 YTD

Stable Leverage Ratio

(1)

At 3.92x at end of Q3 2009

Maximum leverage ratio under the credit agreement was 4.80x as of that date

EPS

(\$0.04) in Q3 2009 versus (\$0.02) in Q3 2008

\$0.22

(2)

in Q3 2009 YTD versus \$0.29 in Q3 2008 YTD

(1)

Leverage

ratio

is

defined

as

outstanding

borrowings

under

the

Company's

revolving

credit

facility

and

outstanding

letters

of

credit

at

period

end

divided

by

LTM

Bank

EBITDA (calculated in accordance with the terms of the credit agreement). Excluding the \$3.2 million of outstanding letters of proposed amendment to the credit agreement), the leverage ratio would have been 3.84x at 9/27/2009. For a reconciliation of L Appendix B.

(2)

Q3 2009 YTD EPS included a one-time expense related to a loss on the disposal of property and equipment of \$1.0 million due to home office land and building in Metairie, Louisiana, which represented a decrease in earnings of approximately \$0.03 per share.

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Performance on Key Company Initiatives  
Cost Savings Initiatives

Introduced staggered scheduling, changed menu and preparation process, achieved concessions on pricing, eliminated services and implemented internal programs for utilities

Eliminated approximately 60 corporate positions by re-aligning corporate support and restructuring field supervision

Established a new approval system for all capital and travel expenditures

Reduced G&A expense by approximately \$6.9 million during the first nine months of 2009 (versus prior year)

Focus on Cash Flow Generation and Balance Sheet Leverage Reduction  
Menu and Marketing Strategy

No 2009 Company development; total capital expenditures expected to be \$5.0 to 6.0 million for 2009, down from \$32.0 million in 2008

Opened 6 new franchise locations during 2009

Paid down approximately \$35 million in debt in 2009

Includes \$9.7 million debt paydown from net proceeds of recent sale of corporate headquarters building

Capital expenditure reduction:

New franchise location openings:

Debt reduction:

Introduced a Value menu, a Bistro menu, early week promotions and a private dining satellite program

Labor and operating expense savings:

G&A expense reductions:

Initiatives to drive traffic and top-line sales:

Ruth's Chris Steak House SSS Comparison  
Comparable Sales  
FY 2008  
Q1 09  
Q2 09  
Q3 09  
Q4 09



Ruth's Chris SSS

-10.2%

-18.6%

-24.3%

-23.9%

-11.2%

Knapp Track

(1)

SSS

-9.6%

-19.0%

-22.9%

-20.6%

-9.7%

Ruth's SSS vs.

Knapp Track

(1)

SSS

-0.6%

0.4%

-1.4%

-3.3%

-1.5%

(1)

Upscale steak segment index, which includes Ruth's Chris, Flemings, Smith & Wollensky, Sullivan's, Del Frisco, Capital Grille and Silver Fox.

Ruth's Chris Steak House Company-owned Comparable Restaurant

Sales

Traffic

Comparison

FY 2008

Q1 09

Q2 09

Q3 09

Q4 09

Ruth's Traffic vs.

Knapp Track

(1)

Traffic

+0.7%

+2.6%

+0.7%

-5.4%

-4.5%

Ruth's Chris Steak House Company-owned Comparable Restaurant Traffic

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Continued interest in franchise ownership remains strong

6 new openings in 2009:

Greenville, SC

Dubai, UAE

St. Louis, MO

Durham, NC

Kennesaw, GA

San Juan, Puerto Rico

signed a two unit franchise development agreement

(the first restaurant opened in San Juan on November 23, 2009)

Salt Lake City

new franchisee agreement signed

Stable Revenue Stream from Franchise System

Franchise Royalties and Restaurant Count

(\$ in millions)

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(1)

For a reconciliation of Adjusted EBITDA and Bank EBITDA to net income, see Appendix B.

(2)

Bank EBITDA is Adjusted EBITDA, a non-GAAP financial measure, further adjusted to exclude severance payments, hurricane  
other  
costs,  
cash

write-offs  
of  
the  
Manhattan  
UN  
Facility  
and  
Mitchell's  
Fish  
Market  
pro  
forma  
EBITDA  
prior  
to  
acquisition,  
each  
of  
which  
are  
excluded  
pursuant to the terms of the Company's credit agreement. For a reconciliation of Bank EBITDA to net income, see Appendix  
(3)  
Excluding  
letters  
of  
credit  
in  
the  
amount  
of  
\$3.2  
million  
at  
the  
end  
of  
Q3  
2008  
and  
Q3  
2009,  
the  
leverage  
ratio  
would  
have  
been  
3.25x  
and

3.84x

at

the

end of Q3 2008 and Q3 2009, respectively.

Fiscal Year Q3 2009 and Q3 2009 YTD Review

(\$ in millions)

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Ruth's Hospitality Group's Year-to-Date Performance Comparison

Actual

Actual

Prior

Q3 2009

Q3 2009 YTD

Q3 2008 YTD

B(W)

Revenues

Total Restaurant Revenues

\$75.6

\$253.8

\$291.8

(\$38.1)

Franchise and Other Revenues

2.2

9.5

12.4

(2.9)

Total Revenues

\$77.8

\$263.2

\$304.2

(\$41.0)

Food and Beverage Costs

21.5

72.5

91.9

19.4

Restaurant Operating Expenses

43.4

139.3

147.1

7.8

Marketing

1.8

8.2

10.9

2.7

G&A

5.4

16.7

23.6

|                                            |
|--------------------------------------------|
| 7.0                                        |
| Depreciation                               |
| 4.1                                        |
| 12.4                                       |
| 12.3                                       |
| (0.1)                                      |
| Pre-opening                                |
| 0.0                                        |
| 0.0                                        |
| 2.5                                        |
| 2.4                                        |
| Loss on Impairment                         |
| 0.0                                        |
| 0.3                                        |
| 0.0                                        |
| (0.3)                                      |
| Restructuring Expenses                     |
| 0.4                                        |
| 0.4                                        |
| 0.0                                        |
| (0.4)                                      |
| Loss on Disposal of Property and Equipment |
| 0.1                                        |
| 1.0                                        |
| 0.1                                        |
| (0.9)                                      |
| Operating Income                           |
| \$1.0                                      |
| \$12.4                                     |
| \$15.8                                     |
| (\$3.4)                                    |
| Adjusted EBITDA                            |
| (1)                                        |
| \$6.2                                      |
| \$29.2                                     |
| \$31.9                                     |
| (\$2.7)                                    |
| LTM Bank EBITDA                            |
| (1) (2)                                    |
| \$38.7                                     |
| \$38.7                                     |
| \$51.4                                     |
| (\$12.7)                                   |
| Debt                                       |
| \$151.7                                    |
| \$151.7                                    |
| \$170.1                                    |
| \$18.4                                     |
| Debt / LTM Bank EBITDA                     |
| (1) (2) (3)                                |

3.92x  
3.92x  
3.31x  
(0.61x)



Financial Guidance

FY 2009 guidance provided to the Street (as of October 30, 2009)

Comparable sales of high negative double digits

Cost  
of

sales  
of  
28.5%

29.5%

Marketing  
spend  
of  
3.0%

3.3%  
of  
sales

G&A  
expense  
of  
\$22.5

\$24.0  
million

Tax  
rate  
of  
17%

20%

Capital  
expenditures  
of  
\$5

\$6  
million  
for  
maintenance  
and  
remodels

Reported comparable store sales of -11.2% for Q4 2009 (vs. Q4 2008)

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Appendix A  
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Rights Offering Size:

Maximum gross proceeds of \$35.0 million

Subscription Price:

TBD

Current Shares Outstanding:

24,162,893 shares (including 484,000 shares of unvested restricted stock)

Securities Offered:

Each  
Transferable  
Subscription  
Right  
will  
represent  
the  
right  
to  
purchase  
a  
number of shares of Common Stock to be determined subject to  
adjustments to eliminate fractional shares

**Basic Subscription Privilege:**

Each Right will give shareholders of record the opportunity to purchase a  
number of shares of the Company's Common Stock to be determined at the  
Subscription Price

**Over-Subscription Privilege:**

If a shareholder exercises its basic subscription privilege in full, it will also  
have an over-subscription privilege in certain circumstances

**Transferability:**

The  
Rights  
will  
be  
transferable  
and  
are  
expected  
to  
be  
listed  
on  
NASDAQ

**Key Closing Conditions:**

Raising at least \$25.0 million in gross proceeds in the Rights Offering and  
obtaining shareholder approval for the Private Placement

**Use of Proceeds:**

Net  
proceeds  
from  
the  
Rights  
Offering  
will  
be  
used  
to  
reduce  
the

Company's  
outstanding indebtedness under its revolving credit facility, which will reduce  
its  
future  
interest  
expense,  
increase  
its  
operating  
flexibility,  
provide  
covenant  
relief and extend the maturity of the indebtedness under its credit agreement  
until  
the  
earlier  
of  
the  
fifth  
anniversary  
of  
the  
effective  
date  
of  
the  
credit  
agreement amendment or February 15, 2015  
Key Terms of Rights Offering  
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**Key Terms of Private Placement**

Aggregate face amount of \$25.0 million of Series A 10.0% Convertible Preferred Stock

Dividends payable quarterly in cash or, at the Company's option, by PIK

Conversion price will be set at a 15.0% premium to the Rights Offering subscription price, with a minimum conversion price of \$2.90 per share and a maximum conversion price of \$3.25 per share

Conversion price subject to customary anti-dilution adjustments in the future

Optional Company redemption right after 5 years

Company conversion right after 2 years if the stock price is equal to or greater than 225% of the

then

applicable

conversion

price

for

a

period

of

20

trading

days

over

any

30

consecutive

days

Mandatory redemption obligation after 7 years or upon a change of control event

BRS will be entitled to designate or nominate one board member so long as they own at least

5.0% of total voting power of the common stock on an as converted basis

The Private Placement will vote on an as converted basis and will be granted certain registration

and information rights

Proceeds to be used to repay outstanding indebtedness under the Company's revolving credit

facility

Private Placement issuance conditioned upon:

The Rights Offering raising at least \$25.0 million in gross proceeds

Obtaining shareholder consent for the Private Placement

The Company and BRS have various termination rights; closing is conditioned upon certain

ownership and dilution thresholds after giving effect to the transactions

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Existing Credit Agreement Terms

Proposed Amended Terms

Facility:

\$175MM reducing Revolver (\$5MM every 6 months commencing 12/31/09)

\$130MM Revolving Credit Facility

Maturity:

February 2013

February 2015 or 5 Year Anniversary

Pricing:

Leverage Covenant:

No covenants for one year. First covenant measurement date FYE2010

Incurrence test for revolver at 3.75x during FY2010

Covenants as follows (tested quarterly):

FYE2010

3.80x

FY2011

3.75x

FY2012

Q1

&

Q2

3.60x

FY2012

Q3

&

Q4

3.40x

FY2013

3.10x

FY2014

2.75x

Fixed Charge Covenant:

1.40x for Q1 09-Q4 2009

1.45x for Q1 10-Q2 2010

1.50x thereafter

No covenants for one year. First covenant measurement date FYE2010

Covenants as follows:

FY2010

through

FY2014

-

1.35x

Minimum EBITDA Covenant:

YTD adjusted EBITDA test through Q3 2009 at the following levels: \$8.25MM in Q1 2009, \$17.0MM YTD Q2 2009, \$24.0MM YTD Q3 2009

Thereafter,

TTM

EBITDA

test

of

\$33.5MM

in

Q4

2009,

\$34.0mm

in  
Q1  
2010,  
\$35.0MM in Q2 2010, \$35.5MM in Q3 2010 & Q4 2010  
No minimum EBITDA covenant  
CapEx  
Limit  
\$12.0MM for FY2009  
\$10.0MM for FY2010 and thereafter  
Additional  
growth  
CapEx  
available  
subject  
to  
passing  
an  
incurrence  
test  
for  
two  
consecutive quarters for FY2010 and annually through maturity:

Leverage  
<  
3.35x  
-  
\$5.0MM

Leverage  
<  
3.25x  
-  
\$10.0MM  
\$12.0MM for FY2009  
\$12.5MM for FY2010 and thereafter  
Additional  
growth  
CapEx  
available  
subject  
to  
passing  
an  
incurrence  
test  
for  
two  
consecutive  
quarters

for  
FY2010  
and  
annually  
through  
maturity:

Leverage  
<  
3.25x  
-  
\$7.5MM

Leverage  
<  
3.00x  
-  
\$12.5MM

Leverage  
<  
2.50x  
-  
\$17.5MM

Additional Baskets

None

No stock buy-back basket for FY2010; for FY2011-maturity: \$25.0MM aggregate  
for stock buy-backs subject to pro-forma incurrence test of 3.0x leverage ratio and  
minimum \$15MM Revolver availability

No

acquisitions

in

FY2010,

thereafter

acquisitions

governed

by

CapEx

test

Closing Condition

At least \$42.5MM in net proceeds in the Private Placement and the Rights

Offering

Key Terms of Credit Agreement Amendment

Leverage

LIBOR

Margin (bps)

Base Rate

Margin (bps)

Commitment

Fee (bps)

>= 4.00x  
500  
375  
50  
>=3.50x<4.00x  
425  
300  
50  
>=3.00x<3.55x  
375  
250  
37.5  
<3.00x  
325  
200  
37.5  
Leverage  
LIBOR  
Margin (bps)  
Base Rate  
Margin (bps)  
Commitment  
Fee (bps)  
>= 4.00x  
425  
300  
50  
>=3.25x<4.00x  
350  
225  
50  
>=2.50x<3.25x  
300  
175  
37.5  
<2.50x  
250  
125  
37.5  
Q1  
Q2  
Q3  
Q4  
2008  
3.75x  
2009  
4.75x  
4.80x  
4.80x  
4.50x

2010

4.25x

3.85x

3.50x

3.50x

3.5x thereafter through maturity

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Appendix B  
EBITDA Reconciliation  
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Ruth's Hospitality Group EBITDA Reconciliation

FY 2008

Q3 2008

YTD

Q3 2009

YTD

Q3 2009



|                                                                             |  |
|-----------------------------------------------------------------------------|--|
| LTM                                                                         |  |
| Net income (loss)                                                           |  |
| (\$53.9)                                                                    |  |
| \$6.8                                                                       |  |
| \$5.1                                                                       |  |
| (\$55.5)                                                                    |  |
| Interest expense                                                            |  |
| 10.3                                                                        |  |
| 6.9                                                                         |  |
| 6.1                                                                         |  |
| 9.5                                                                         |  |
| Provisions for taxes                                                        |  |
| (27.5)                                                                      |  |
| 2.4                                                                         |  |
| 1.2                                                                         |  |
| (28.7)                                                                      |  |
| Depreciation expense                                                        |  |
| 17.0                                                                        |  |
| 12.5                                                                        |  |
| 12.4                                                                        |  |
| 16.9                                                                        |  |
| Non-cash write-offs or impairment of restaurant assets                      |  |
| 88.5                                                                        |  |
| 0.1                                                                         |  |
| 1.9                                                                         |  |
| 90.2                                                                        |  |
| Ongoing non-cash GAAP costs (stock-based compensation, bank fees and other) |  |
| 3.7                                                                         |  |
| 3.2                                                                         |  |
| 2.6                                                                         |  |
| 3.1                                                                         |  |
| Adjusted EBITDA                                                             |  |
| \$38.2                                                                      |  |
| \$31.9                                                                      |  |
| \$29.2                                                                      |  |
| \$35.4                                                                      |  |
| Severance payments, hurricane and relocation costs and other                |  |
| 3.0                                                                         |  |
| 0.9                                                                         |  |
| 0.1                                                                         |  |
| 2.1                                                                         |  |
| Cash write-offs of the Manhattan UN Facility                                |  |
| 1.1                                                                         |  |
| 0.1                                                                         |  |
| 0.1                                                                         |  |
| 1.1                                                                         |  |
| Mitchell's Fish Market pro forma EBITDA prior to acquisition                |  |
| 1.9                                                                         |  |
| 1.9                                                                         |  |
| 0.0                                                                         |  |

0.0

Bank EBITDA

(1)

\$44.2

\$34.9

\$29.4

\$38.7

Ruth's Hospitality Group EBITDA Reconciliation

(1)

Calculated pursuant to the terms of the Company's existing credit agreement.

(\$ in millions)

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#### Ruth's Hospitality Group EBITDA Reconciliation

Adjusted EBITDA is a supplemental measure of the Company's performance that is not required by, or presented in accordance with, generally accepted accounting principles ( GAAP ). Adjusted EBITDA is not a measurement of the Company's financial performance under GAAP and should not be considered as an alternative to revenue, net income (loss) or any other performance measures derived in accordance with GAAP or as an alternative to cash flow from operating activities as a measure of its liquidity. Adjusted EBITDA is defined as net income (loss), plus interest expense net of interest income, income tax provision (benefit), depreciation and amortization, and adjusted for non-cash write-offs

or impairment of restaurant asset charges, stock based compensation and non-cash bank fees. Management believes that the inclusion of supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA is appropriate to provide additional information to investors about one of the principal internal measures of performance used by them. Management uses the Adjusted EBITDA measure to evaluate the Company's performance and to facilitate a comparison of operating performance on a consistent basis from period to period. The Adjusted EBITDA measure has limitations as an analytical tool, and should not be considered in isolation, or as a substitute for analysis of the results as reported under GAAP. This measure may not be comparable to similarly titled measures reported by other companies.

Adjusted EBITDA per the Company's credit agreement, which we refer to as Bank EBITDA, is a supplemental measure of the Company's performance that is not required by, or presented in accordance with, GAAP. Bank EBITDA is not a measurement of the Company's financial performance under GAAP and should not be considered as an alternative to revenue, net income (loss) or any other performance measures derived in accordance with GAAP or as an alternative to cash flow from operating activities as a measure of its liquidity. Bank EBITDA is defined as Adjusted EBITDA, further adjusted for severance payments, hurricane and relocation costs and other costs, cash write-offs of the Company's Manhattan UN Facility and Mitchell's Fish Market pro forma EBITDA prior to acquisition. Bank EBITDA is used by the Company's creditors in assessing debt covenant compliance and management believes its inclusion is appropriate to provide additional information to investors about certain covenants required pursuant to the Company's indebtedness. The Bank EBITDA measure has limitations as an analytical tool, and should not be considered in isolation, or as a substitute for analysis of the results as reported under GAAP. This measure may not be comparable to similarly titled measures reported by other companies.

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Ruth's Hospitality Group FCF Reconciliation

(\$ in millions)

Source: Per Company filings.

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Ruth's Hospitality Group FCF Reconciliation

FY 2008

Q3 2008

|                                       |  |
|---------------------------------------|--|
| YTD                                   |  |
| Q3 2009                               |  |
| YTD                                   |  |
| Q3 2009                               |  |
| LTM                                   |  |
| Cash                                  |  |
| flows                                 |  |
| from                                  |  |
| operating                             |  |
| activities:                           |  |
| Net income                            |  |
| (\$53.9)                              |  |
| \$6.8                                 |  |
| \$5.1                                 |  |
| (\$55.5)                              |  |
| Depreciation and amortization         |  |
| 17.0                                  |  |
| 12.5                                  |  |
| 12.4                                  |  |
| 16.9                                  |  |
| Deferred income taxes                 |  |
| (29.5)                                |  |
| (0.9)                                 |  |
| (0.2)                                 |  |
| (28.8)                                |  |
| Non-                                  |  |
| cash interest expense                 |  |
| 0.3                                   |  |
| 0.2                                   |  |
| 0.9                                   |  |
| 1.0                                   |  |
| Loss on sale or disposition of assets |  |
| 0.5                                   |  |
| 0.1                                   |  |
| 1.0                                   |  |
| 1.4                                   |  |
| Loss on impairment                    |  |
| 81.3                                  |  |
| 0.0                                   |  |
| 0.3                                   |  |
| 81.6                                  |  |
| Amortization of below market lease    |  |
| 0.2                                   |  |
| 0.0                                   |  |
| 0.1                                   |  |
| 0.3                                   |  |
| Restructuring                         |  |
| 8.9                                   |  |
| 0.0                                   |  |
| 0.4                                   |  |

9.3  
Non-  
cash compensation expense  
2.6  
2.5  
1.6  
1.7  
Changes  
in  
operating  
assets  
and  
liabilities:  
Accounts receivables  
(1.5)  
(2.5)  
5.2  
6.2  
Inventories  
1.1  
0.9  
1.8  
2.0  
Prepaid expenses and other  
(0.6)  
(0.7)  
0.3  
0.4  
Other assets  
0.3  
0.2  
0.1  
0.1  
Accounts payable and accrued expenses  
3.3  
9.0  
(4.3)  
(10.0)  
Deferred revenue  
1.7  
(7.7)  
(8.6)  
0.8  
Deferred rent  
4.8  
4.9  
0.4  
0.3  
Other liabilities  
0.7



(0.0)

(1.4)

(0.6)

Net cash provided from operating activities

\$37.1

\$25.2

\$15.3

\$27.2

Acquisition of property and equipment

32.0

28.9

3.3

6.4

Free Cash Flow

\$5.1

(\$3.7)

\$12.0

\$20.8