

## **PRINCIPLES OF CORPORATE GOVERNANCE**

The Board of Directors of Del Frisco’s Restaurant Group, Inc. (the “Company”) has adopted the corporate governance principles set forth below as a framework for the governance of the Company. The Nominating and Corporate Governance Committee (the “Committee”) reviews the Principles annually and recommends changes to the Board of Directors as appropriate.

### **I. Role and Composition of the Board of Directors**

#### **A. Role of the Board**

The Board of Directors, which is elected by the Company’s stockholders, oversees the management of the Company and its business. The Board selects the senior management team, which is responsible for operating the Company’s business, and monitors the performance of senior management. Consistent with the oversight function of the Board, the Board’s core responsibilities include:

- Planning for CEO and senior management succession and overseeing senior management development;
- Reviewing the Company’s strategies and monitoring their implementation and results;
- Overseeing the integrity of the Company’s financial statements and the Company’s financial reporting process;
- Overseeing the Company’s processes for assessing and managing risk;
- Overseeing legal and regulatory compliance;
- Nominating the Company’s director candidates and appointing committee members; and
- Providing advice and counsel to management regarding significant issues facing the Company and reviewing and approving significant corporate actions.

#### **B. Size, Composition and Membership Criteria**

The Board determines the appropriate size of the Board from time to time, within the range of three to 13 directors specified in the Company’s Certificate of Incorporation. Following the termination of the Company’s status as a “controlled company” under the rules of the NASDAQ Global Select Market (“NASDAQ”), and subject to the transition rules with respect thereto, a majority of the Board shall be made up of independent directors. An “independent” director is a director who meets the NASDAQ definition of independence, as determined by the

Board. The Board makes an affirmative determination regarding the independence of each director annually, based upon the recommendation of the Committee.

The Committee considers and makes recommendations to the Board regarding the size, structure, composition and functioning of the Board. In addition, the Committee is responsible for establishing processes and procedures for the selection and nomination of directors, and for developing and recommending Board membership criteria to the Board for approval and periodically reviewing these criteria. The Committee shall consider these criteria in the context of the perceived needs of the Board as whole and seek to achieve a diversity of occupational and personal backgrounds on the Board.

The Committee reviews the qualifications of director candidates and incumbent directors in light of criteria approved by the Board and recommends the Company's candidates to the Board for election by the Company's stockholders at the annual meeting. The Committee also considers director candidates recommended by Company stockholders in accordance with the procedures set forth in the Company's proxy statement (if any).

### **C. Board Leadership**

The Board believes that it is in the best interests of the Company for the Board periodically to evaluate and make a determination regarding whether or not to separate the roles of Chairman and CEO based upon the circumstances. Currently, the roles are separate

In addition, the independent directors may appoint an independent director to serve as the lead independent director for a period of time as determined by the independent directors as a group. The lead independent director's responsibilities shall include such responsibilities delegated thereto by the Board, and may include: (1) presiding at meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors; (2) approving information sent to the Board; (3) approving the agenda and schedule for Board meetings to provide that there is sufficient time for discussion of all agenda items; (4) serving as liaison between the Chairman and the independent directors; and (5) being available for consultation and communication with major stockholders upon request. Any lead independent director shall have the authority to call executive sessions of the independent directors.

### **D. Change in Principal Occupation**

When a director's principal occupation or business association changes substantially during the director's tenure on the Board, the director must submit notice of such change for consideration by the Committee.

### **E. Service on Other Boards and Audit Committees**

Directors are encouraged to limit the number of other boards on which they serve so as not to interfere with their service as a director of the Company. Ordinarily, directors may not serve on the boards of more than five other companies in addition to the Company's Board.

Directors who are serving as chief executives of public companies may not serve on the boards of more than two other companies in addition to the Company's Board. Service on the boards of subsidiary companies, non-profit organizations and non-public for-profit organizations is not included in this calculation. Moreover, if a director sits on several mutual fund boards within the same fund family, or on the boards of several portfolio companies controlled by the same investor(s), it will count as one board for purposes of this calculation.

In addition, directors should advise the chairperson of the Committee in advance of accepting an invitation to serve on the board of another for-profit organization.

Members of the Audit Committee may not serve on the audit committees of more than two other public companies.

#### **F. Director Resignation Policy**

The Company has plurality voting for the election of directors. The Committee may establish procedures for any director who receives more withhold votes than votes in favor of his or her election to tender his or her resignation. The Committee would recommend to the Board whether to accept or reject the resignation offer, or whether other action should be taken. In determining whether to recommend that the Board accept any resignation offer, the Committee would consider all factors that the Committee's members believe are relevant. The Board would then act on the Committee's recommendation and would consider the factors considered by the Committee and any additional information and factors that the Board believes to be relevant.

## **II. Functioning of the Board**

### **A. Agendas**

The Chairman of the Board establishes the agenda for each Board meeting. Agenda items that fall within the scope of responsibilities of a Board committee are reviewed with the chairperson of that committee. Directors are encouraged to suggest the inclusion of items on the agenda. Directors are also free to raise subjects at a Board meeting that are not on the agenda for that meeting.

### **B. Distribution and Review of Board Materials**

Board materials related to agenda items are provided to directors sufficiently in advance of Board meetings to allow directors to review and prepare for discussion of the items at the meeting. In some cases, due to timing or the sensitive nature of an issue, materials are presented only at the Board meeting.

### **C. Meetings**

The Board holds regularly scheduled meetings throughout the year and holds additional meetings as necessary to carry out its responsibilities. Directors are expected to attend, whether

in person or telephonically, Board meetings and meetings of the Board committees on which they serve.

#### **D. Executive Sessions**

The independent directors meet in executive session without management present as determined by the independent directors. The lead independent director, if any, presides at executive sessions. If there is no lead independent director, the independent directors shall elect a director to preside at such meetings.

#### **E. Strategic Planning**

The Board reviews the Company's long-term strategic plan at least annually and monitors implementation of the strategic plan throughout the year.

#### **F. Confidentiality**

Directors must protect and hold confidential all non-public information that comes to them, from whatever source, in their capacity as a director of the Company, unless disclosure is authorized or required by law. Proceedings and deliberations of the Board and its committees are confidential.

#### **G. Attendance at Annual Meeting of Stockholders**

Directors are expected to attend the annual meeting of stockholders absent unusual circumstances.

### **III. Structure and Functioning of Committees**

#### **A. Number, Structure and Independence of Committees**

The Board has three standing committees: Audit, Nominating and Corporate Governance and Compensation.

Subject to the Company's status as a "controlled company" and the transition rules with respect to any termination of such status, the Audit Committee, the Compensation Committee and the Committee shall consist solely of independent directors. In addition, directors who serve on the Audit Committee or Compensation Committee must meet additional, heightened independence criteria applicable to audit committee members and compensation committee members under NASDAQ listing standards, Securities and Exchange Commission rules and the rules and regulations under the Internal Revenue Code of 1986, as amended.

The Board may also establish and maintain other committees from time to time as it deems necessary and appropriate.

## **B. Assignment of Committee Members**

The Committee considers and makes recommendations to the Board regarding committee size, structure, composition and functioning. Committee members and chairpersons are recommended to the Board by the Committee and appointed by the full Board.

## **C. Responsibilities**

Each standing committee operates under a written charter that sets forth the purposes and responsibilities of the committee as well as qualifications for committee membership. Each standing committee assesses the adequacy of its charter annually and recommends changes to the Board as appropriate. All committees report regularly to the full Board with respect to their activities.

## **D. Meetings and Agendas**

The chairperson of each committee determines the frequency, length and agenda of the committee's meetings. Materials related to agenda items are provided to committee members sufficiently in advance of meetings where necessary to allow the members to review and prepare for discussion of the items at the meeting.

## **IV. Director Access to Management, Employees and Advisors**

At the invitation of the Board, members of senior management may attend Board meetings or portions of meetings for the purpose of presenting matters to the Board and participating in discussions. Directors also have full and free access to other members of management and to employees of the Company.

The Board has the authority to retain such outside counsel, experts and other advisors as it determines appropriate to assist it in the performance of its functions. Each of the Audit Committee, the Compensation Committee and the Committee has similar authority to retain outside advisors as it determines appropriate to assist it in the performance of its functions.

## **V. Director Compensation**

The Committee periodically reviews the compensation of directors. Director compensation is set by the Board based upon the recommendation of the Committee. Compensation consists of a combination of cash and equity. Directors who are not independent do not receive compensation for service on the Board.

## **VI. Stock Ownership Guidelines**

In order to align the interests of directors and executive officers with the long-term interests of the Company's stockholders, the Board may adopt stock ownership guidelines.

## **VII. Succession Planning**

The Committee is responsible for oversight of succession planning for certain senior management positions. At least annually, the Committee reviews with the Board succession planning and management development, including recommendations and evaluations of potential successors to fill these positions. The succession planning process includes consideration of candidates who could assume the position of CEO in the event that he or she unexpectedly becomes unable to perform the duties of this position.

## **VIII. Formal Evaluation of the CEO**

The Compensation Committee is responsible for setting annual and long-term performance goals for the CEO, evaluating the CEO's performance against those goals, and, provided that it does not consist entirely of independent directors, recommending the CEO's compensation to the independent directors for approval. Both the goals and the evaluation are submitted for consideration by the independent directors. The results of the evaluation are shared with the CEO and used by the Compensation Committee in considering the CEO's compensation, which is approved by the independent directors meeting in executive session.

## **IX. Director Orientation and Continuing Education**

The Company may implement an orientation process for Board members to familiarize new directors with various aspects of the Company's business, including the Company's strategy, operations, finances, risk management processes, compliance program and governance practices. The Board encourages directors to participate in education programs to assist them in performing their responsibilities as directors.

## **X. Board and Committee Performance Evaluations**

The Board conducts an annual self-evaluation to assess its performance. The Audit Committee, Compensation Committee and the Committee conduct annual self-evaluations to assess their performance. The ability of individual directors to contribute to the Board may be considered in connection with the re-nomination process. In addition, each director annually may evaluate his or her performance as a director.

The Committee is responsible for developing, administering and overseeing processes for conducting evaluations.

## **XI. Political Contributions**

The Board oversees the Company's political contributions and its policies and procedures regarding political contributions.