

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000 OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER: 0-21625

FAMOUS DAVE'S OF AMERICA, INC.
(Registrant)

Minnesota
(State or other jurisdiction of incorporation or
organization)
7657 Anagram Dr.
Eden Prairie, MN
(Address of principal executive offices)

41-1782300
(IRS Employer Identification
No.)
55344
(Zip Code)

Issuer's telephone number: (952) 294-1300

Securities to be registered pursuant to Section 12(b) of the Exchange Act: None

Securities to be registered pursuant to Section 12(g) of the Exchange Act:
Common Stock, \$.01 par value

Check whether the issuer (1) filed all reports required to be filed by
Section 13 or 15(d) of the Securities Exchange Act during the past 12 months (or
for such shorter period that the registrant was required to file such reports),
and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Check if there is no disclosure of delinquent filers pursuant to Item 405 of
Regulation S-K contained in this form, and no disclosure will be contained, to
the best of registrant's knowledge, in definitive proxy or information
statements incorporated by reference in Part III of this Form 10-K or any
amendment to this Form 10-K.

The issuer had total revenues of \$70,160,000 for its fiscal year ended
December 31, 2000.

As of March 26, 2001, assuming as market value the price of \$4.125 per share
(the last per share sales price of Famous Dave's of America, Inc.'s Common Stock
on The NASDAQ National Market (SM) on March 26, 2001), the aggregate market value
of shares held by non-affiliates was \$30,996,677.25.

As of March 26, 2001 we had outstanding 9,345,846 shares of Common Stock,
\$.01 par value.

Transitional Small Business Disclosure Format: Yes No

Documents Incorporated by Reference: Portions of our Proxy Statement for our Annual Meeting of Shareholders to be conducted in June, 2001 (the "2001 Proxy Statement") are incorporated by reference into Part III of this Form 10-K, to the extent described in Part III. The 2001 Proxy Statement will be filed within 120 days after the end of the fiscal year ended December 31, 2000.

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PART I

ITEM 1. BUSINESS

GENERAL

Famous Dave's of America, Inc. ("Famous Dave's") (SM) was incorporated as a Minnesota corporation in March 1994 and opened its first restaurant in Minneapolis in June 1995. As of December 31, 2000, we operated thirty-three restaurants under the name "Famous Dave's". An additional nine franchise restaurants were also operating under the name "Famous Dave's". Seventeen restaurants were located in Minnesota, eight in Illinois, six in Wisconsin, three each in Iowa and Maryland, two each in Utah and Virginia and one in Nebraska. Two additional company-owned units were under construction in the Chicago area as of December 31, 2000 and opened in the first quarter of 2001. One additional franchise restaurant was under construction in Omaha, Nebraska, which also opened during the first quarter of 2001.

THE FAMOUS DAVE'S CONCEPT

Our restaurants, a majority of which offer full table service, feature hickory smoked off-the-grill meat entree favorites served in one of our three casual formats: a "Northwoods" style lodge, a nostalgic roadhouse "shack," or a Blues Club featuring nightly musical entertainment. We seek to differentiate ourselves by providing high-quality food in these distinctive and comfortable environments. In May 1997, Nation's Restaurant News, a leading restaurant industry publication, named Famous Dave's of America, Inc. a "1997 Hot Concept".

Key elements of our concept include the following:

High Quality Food. Each restaurant features a distinctive selection of authentic hickory-smoked off-the-grill favorites such as flame-grilled St. Louis-style ribs, Texas beef brisket, Georgia chopped pork, country-roasted chicken, and generous signature sandwiches and salads. Enticing side items such as honey-buttered corn bread, potato salad, coleslaw, Shack Fries(TM) and Wilbur Beans(TM) accompany the broad entree selection. Homemade desserts, including Famous Dave's Bread Pudding and Hot Fudge Kahlua(TM) Brownies, are a specialty. To complement our smoked meat entree and appetizer items and to suit different customer tastes, Famous Dave's BBQ Sauces come in six variations: Rich & Sassy(TM), Texas Pit(TM), Georgia Mustard(TM), Hot & Sassy(TM), Devil's Spit(TM) and Sweet and Zesty(TM). These sauces and a variety of prepared meats and seasonings are also distributed throughout the country under licensing agreements in retail grocery stores. We believe that our high quality food is a principal point of differentiation between Famous Dave's and other casual dining competitors and is a significant contributing factor to our level of repeat business.

Distinctive Environment -- Decor and Music. In late 1997, we introduced the "Lodge" format which features decor reminiscent of a comfortable "Northwoods" hunting lodge with a full service dining room and bar. By the end of fiscal 2000, we operated ten units under the lodge format, including two locations in each of the Minneapolis and Utah markets, three in the metropolitan Chicago area and one each in Lincoln, Nebraska and Sterling, Virginia. Our original theme, a nostalgic roadhouse shack ("Shack") is promoted by the abundant use of rustic antiques, items of Americana from the '30s and '40s and emphasizes a very casual experience with emphasis on value and speed of delivery. While initially the Shack format only offered counter service, fourteen Shacks have been opened as or converted to full service dining. In addition, we have developed a larger "Blues Club" format that

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features authentic Chicago Blues Club decor and live music seven nights a week. We currently operate one Blues Club in the Minneapolis market and one in downtown Chicago.

Broad-Based Appeal. We believe that our concept has broader appeal than many other restaurant concepts because it attracts customers of all ages and the menu offers a variety of items that appeal to many tastes. We believe that our distinctive concept, combined with our high-quality food, make Famous Dave's appealing to children, teenagers and adults of all ages.

OPERATING STRATEGY

Key elements of our operating strategy include the following:

Operational Simplicity. In our counter-service shacks, we strive to emphasize value and speed of service by employing a streamlined operating system based on a focused menu and simplified food preparation techniques. The counter-service shack menu focuses on a number of popular smoked meat barbecue entree items and delicious side dishes which are prepared using easy-to-operate kitchen equipment and processes that use prepared seasonings, sauces and mixes. This streamlined food preparation system helps lower the cost of operation by requiring fewer staff, lower training costs and the elimination of a need for highly compensated chefs. By controlling the number of menu items and using simplified food preparation processes, meals can be served quickly and consistently. In the full-service restaurants, we seek to provide a broader menu that will appeal to a variety of tastes and may be used on more frequent dining occasions. To enhance our appeal and expand our audience, we have added such items as catfish fingers, specialty salads and other promotional products. As the menu broadens and food preparation techniques become more focused on meals prepared to order, an increased training requirement is necessary in order to prepare our staff for increased sophistication in guest service. Additional staff costs and training expense is justified, we believe, by the greater revenue produced by the full-service restaurants when compared to counter-service restaurants. Average weekly volume for the twenty-three full service restaurants was \$44,400 with ten restaurants above this average and thirteen below. The range was from a low of \$21,700 to a high of \$108,600 per week. Average weekly volume for the seven counter-service restaurants was \$36,900 with three restaurants above this average and four below. The range was from a low of \$26,500 to a high of \$50,500 per week

Recruiting, Training and Retaining Employees. We believe that a key component of the success of our concept rests with the ability to hire, train and motivate qualified restaurant employees. We believe that by providing training, competitive compensation and opportunities for employee involvement and advancement, we encourage a sense of personal commitment from our employees.

In 1997, we instituted Hog Heaven University, which augments our technical training with programs aimed at improving the personal development skills of our managers. We believe that our competitive compensation, employee involvement and streamlined operating system help enable us to attract and retain qualified restaurant managers and employees.

Take-out - Focus on Customer Convenience. We seek to provide our customers with maximum convenience by offering convenient take-out service in addition to our lively and entertaining sit-down experience. We believe that Famous Dave's entrees and side dishes are viewed by guests as traditional American "picnic foods" that maintain their quality and travel particularly well, making them an attractive choice to replace a home-cooked meal. We believe the high quality, reasonable cost and avoidance of preparation time make take-out of our product particularly attractive to customers, and approximately 22% of our restaurant revenues are derived from this method. Our restaurants have been

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designed specifically to accommodate a significant level of take-out sales, including a separate take-out counter. In addition, we have added a drive-thru window to an existing counter-service shack and are evaluating its impact on sales.

Style of Service. A majority of our locations utilize a full-service style of serving guests. Through 1997, all of our shacks used a more limited, counter-style of service with self-service seating and drink selection. In 1998, four of these units were converted to full service locations, and six more shacks were opened as full service facilities. On December 31, 1999, we acquired four full-service locations in the Washington D.C. market and converted them to Famous Dave's during fiscal 2000. In fiscal 2000 we opened seven additional full-service locations. We continue to evaluate the advantages of the full-service format on a location by location basis.

Customer Satisfaction. We believe that we have achieved a significant level of repeat business by providing high-quality food and efficient friendly service, in an entertaining environment at moderate prices. We strive to maintain quality and consistency in each of our restaurants through the training and supervision of personnel and the establishment of and adherence to high standards of personnel performance, food preparation and facility maintenance. We have also built family-friendly strategies into each restaurant's food, service and design by providing children's menus, smaller-sized entrees at reduced prices and changing tables in restrooms.

Attractive Value-to-Price Relationship. Famous Dave's offers high quality food and distinctive atmosphere at competitive prices to encourage frequent patronage. Lunch and dinner entrees range from \$5 to \$18 resulting in an average check of approximately \$11.80 during fiscal 2000.

EXPANSION STRATEGY

We believe that the casual dining niche of the restaurant industry offers strong growth opportunities for us because this niche of the restaurant market is highly fragmented. The key elements of our growth strategy include the following:

Targeted Expansion. We believe that there are significant growth

opportunities for Famous Dave's restaurants throughout the United States. We generally intend to enter new markets with a full-service restaurant in high profile, heavy traffic retail locations in order to build brand awareness. We currently plan to concentrate our expansion primarily in markets where multiple restaurants can be opened, thereby expanding consumer awareness and creating opportunities for operating, distribution and marketing efficiencies. In late 1997, we opened our first lodge restaurant and currently anticipate using this format as our primary growth vehicle. We anticipate opening six to eight additional units in fiscal 2001 and plan to target our expansion in the Chicago and Washington D.C./Baltimore markets. We intend to finance our development through the use of cash flow, funds available under existing and future lines of credit, and through forms of real estate related financing such as mortgages, sale-leaseback financing, build to suit arrangements, and other similar financing. On March 31, 1999 we closed on a sale-leaseback financing transaction that provided net proceeds of approximately \$4.4 million, and as of December 31, 2000 we had mortgage financing that provided approximately \$7.2 million for continued development. There can be no assurance that any future financing will be available, nor on terms acceptable to us.

Flexible Unit Formats: Because of variable unit formats, we believe we can tailor the Famous Dave's concept to a variety of markets, demographic areas and real estate locations. Management believes the flexibility in building size, type of construction and configuration, as well as a variable

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service structure permits locations in a variety of economic and demographic areas throughout different markets.

FRANCHISE PROGRAM

At December 31, 2000 we had nine franchise units in operation, three each in Minnesota, Wisconsin and Illinois. Area Development agreements representing commitments from franchisees to build an additional 27 restaurants were in place as of December 31, 2000. There can be no assurance that these franchisees will fulfill these commitments. We continue to pursue a more aggressive franchise program for our restaurants and anticipate that ten to twelve additional franchise units will open during fiscal 2001.

RESTAURANT OPERATIONS - MANAGEMENT AND EMPLOYEES

Our ability to manage multiple, geographically diverse units will be central to our overall success. Our management team includes experienced personnel with extensive restaurant experience. At the unit level, we place specific emphasis on the position of general manager ("General Manager") and seek employees with significant restaurant experience and management expertise. We strive to maintain quality and consistency in each of our units through the careful training and supervision of personnel and the establishment of, and adherence to, high standards relating to personnel performance, food and beverage preparation, and maintenance of facilities. We attempt to attract high quality, experienced restaurant management and personnel with competitive compensation and bonus programs.

All General Managers must complete a training program, during which they are instructed in areas such as food quality and preparation, customer service, and employee relations. We have prepared operations manuals relating to food and beverage quality and service standards. New staff members participate in approximately three weeks of training under the close supervision of our management. We strive to instill enthusiasm and dedication in our employees and regularly solicit employee suggestions concerning our operations and endeavors in order to be responsive to employees' concerns. In addition, we have numerous

programs designed to recognize and reward employees for superior performance. Staffing levels at each restaurant vary according to the time of day and size of the restaurant. However, in general each shack or lodge unit has between 25 and 120 employees.

PURCHASING

We strive to obtain consistent quality items at competitive prices from reliable sources. In order to maximize operating efficiencies and to provide the freshest ingredients for our food products while obtaining the lowest possible prices for the required quality, each unit's management team determines the daily quantities of food items needed and orders such quantities from major suppliers designated by us which are then shipped directly to the restaurants. Approximately 90% of the products used by Famous Dave's restaurants are obtained under a supply arrangement with a major foodservice supplier.

Included in the distribution and supply arrangement is a provision to distribute pork and meat products provided under a separate contract with a national meatpacking concern. We entered into a revised contract with this meat supplier during 1998 that resulted in the reduction of certain meat prices, particularly pork, for part of 1998 and for a portion of 1999. During the early part of 1999, we modified this agreement to include fixed prices on certain pork products that had fallen in price during the contract term.

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Contract pricing accounts for approximately 78% of all of our food purchases. These contracts are typically negotiated during the second quarter of each year and fix purchase prices for twelve months. As a result of our negotiated purchase prices, the cost of these food items, taken as a whole, have been essentially flat from 1999 to 2000 and from 2000 to 2001.

We believe that our relationships with our distributor and food suppliers are excellent, and anticipate no interruption in the supply of product delivered by any of these firms. In case of a supply disruption, however, we believe we could obtain competitive products and prices on short notice from a number of alternative suppliers.

MANAGEMENT INFORMATION SYSTEMS

We have developed restaurant-level management information systems that include a computerized point-of-sale system which facilitates the movement of customer orders between the customer areas and kitchen operations, processes credit card transactions, and provides management with revenue and other key operating and financial information. We also use a time management system which tracks the time worked by each employee, allowing management to more effectively manage labor costs through better scheduling of employee work hours.

Our unit-level point-of-sale, time management and inventory management systems provide data for posting to our general ledger and to other accounting subsystems. The general ledger system provides various management reports comparing actual and budgeted results. The results are reported to and reviewed by management. Such reporting includes: (i) daily reports of revenues, (ii) weekly reports of selected controllable unit expenses and (iii) detailed monthly reports of revenues and expenses. We continue to develop and implement new enhancements to our systems, and a number of new developments in communication, food and labor cost management and unit level efficiency are among the enhancements we are evaluating at the present time.

MARKETING AND PROMOTION

Marketing and promotion for the owned and operated restaurants have relied

primarily upon an extensive publicity effort, direct mail, and 4-walls/property line marketing. Our 2001 business plan calls for the expenditure of approximately 2.8% of revenues on marketing and advertising. In addition, we are also creating awareness and equity in the Famous Dave's brand through partnerships that extend our BBQ sauces, seasonings and prepared entrees in retail outlets across the United States.

TRADEMARKS

We have received various trademarks and have applied for registration of additional service marks and intend to defend these marks. However, there can be no assurance that we will be granted trademark registration for pending applications or any or all of the proposed uses in our applications. In the event our additional mark(s) are granted registration, there can be no assurance that we can protect such mark(s) and design(s) against prior users in areas where we conduct operations. There is also no assurance that we will be able to prevent competitors from using the same or similar marks, concepts or appearance.

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COMPETITION

Competition in the restaurant industry is intense. Famous Dave's restaurants compete with moderately priced casual dining restaurants primarily on the basis of quality of food and service, atmosphere, location and value. In addition to existing themed and barbecue restaurants, we expect to face competition from steakhouses and other restaurants featuring large portions of red meat. We also compete with other restaurants and retail establishments for quality sites. Competition in the food service industry is affected by changes in consumer taste, economic and real estate conditions, demographic trends, traffic patterns, the cost and availability of qualified labor, product availability and local competitive factors.

Many of our competitors are well established and have substantially greater financial, marketing and other resources than Famous Dave's. Regional and national restaurant companies continue to expand their operations in our current and anticipated market areas. We believe our ability to compete effectively depends on our ongoing ability to offer high-quality, competitively priced food in a distinctive and comfortable environment.

GOVERNMENT REGULATION

We are subject to extensive state and local government regulation by various governmental agencies, including state and local licensing, zoning, land use, construction and environmental regulations and various regulations relating to the sale of food and alcoholic beverages, sanitation, disposal of refuse and waste products, public health, safety and fire standards. Our restaurants are subject to periodic inspections by governmental agencies to ensure conformity with such regulations. Any difficulty or failure to obtain required licensing or other regulatory approvals could delay or prevent the opening of a new restaurant, and the suspension of, or inability to renew, a license could interrupt operations at an existing restaurant, any of which would adversely affect our operations. Restaurant operating costs are also affected by other government actions that are beyond our control, including increases in the minimum hourly wage requirements, workers compensation insurance rates, health care insurance costs and unemployment and other taxes. We are also subject to "dram shop" statutes, which generally provide a person injured by an intoxicated person the right to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated persons.

To the extent that Famous Dave's offers and sells franchises, we are also

subject to federal regulation and certain state laws that govern the offer and sale of franchises. Many state franchise laws impose substantive requirements on franchise agreements, including limitations on non-competition provisions and the termination or non-renewal of a franchise. Bills have been introduced in Congress from time to time that would provide for federal regulation of substantive aspects of the franchiser-franchisee relationship. As proposed, such legislation would limit, among other things, the duration and scope of non-competition provisions, the ability of a franchiser to terminate or refuse to renew a franchise, and the ability of a franchiser to designate sources of supply.

The Federal Americans with Disabilities Act prohibits discrimination on the basis of disability in public accommodations and employment. We could be required to expend funds to modify our restaurants in order to provide service to or make reasonable accommodations for disabled persons. Our restaurants are currently designed to be accessible to the disabled. We believe we are in substantial compliance with all current applicable regulations relating to accommodations for the disabled.

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EMPLOYEES

As of December 31, 2000, Famous Dave's had approximately 1,800 employees, of which approximately 35% were full-time. None of our employees are covered by a collective bargaining agreement. Management believes that our relationships with our employees are satisfactory.

ITEM 2. PROPERTIES

The following table sets forth certain information about our existing company-owned restaurant locations and locations in development as of December 31, 2000:

LOCATION	FORMAT	SQUARE FOOTAGE	INTERIOR SEATS	LAND OWNED OR LEASED	DATE OPENED OR PLANNED TO BE OPENED
Roseville, MN	Shack	4,800	105	Leased	June 1996
Calhoun Square (Minneapolis, MN)	Club	10,500	380	Leased	September 1996
Maple Grove, MN	Shack	5,200	125	Owned*	April 1997
Highland Park, St. Paul, MN	Shack	5,200	125	Leased	June 1997
Stillwater, MN	Shack	5,200	130	Owned*	July 1997
Apple Valley, MN	Shack	3,800	90	Owned*	July 1997
Madison, WI	Shack	4,800	95	Leased	August 1997
Grand Chute, WI (Appleton, WI)	Shack	2,900	80	Owned	October 1997
Forest Lake, MN	Shack	4,500	100	Leased	October 1997
Minnetonka, MN	Lodge	5,500	140	Leased	December 1997
Plymouth, MN	Shack	2,100	20	Leased	December 1997
West St. Paul, MN	Shack	6,800	140	Leased	January 1998
Rochester, MN	Shack	5,200	140	Leased	February 1998
Janesville, WI	Shack	5,200	130	Leased	March 1998
West Des Moines, IA	Shack	5,500	150	Leased	April 1998
Des Moines, IA	Shack	5,800	150	Leased	April 1998
Napererville, IL	Lodge	5,500	170	Leased	April 1998
Cedar Falls, IA	Shack	5,400	130	Leased	September 1998
Bloomington, MN	Shack	5,400	140	Leased	October 1998
Woodbury, MN	Lodge	5,900	180	Owned	October 1998
Chicago, IL	Club	17,000	450	Leased	May 1999
Lincoln, NE	Lodge	6,300	190	Owned	December 1999
Columbia, MD	Shack	7,200	270	Leased	January 2000
Annapolis, MD	Shack	7,000	210	Leased	January 2000
Frederick, MD	Shack	5,600	180	Leased	January 2000
Woodbridge, VA	Shack	5,600	190	Leased	January 2000
Vernon Hills, IL	Lodge	6,600	230	Leased	February 2000
Addison IL	Lodge	4,600	140	Owned	March 2000
Lombard, IL	Lodge	7,200	250	Leased	July 2000

North Riverside, IL	Shack	5,000	160	Leased	August 2000
Midvale, UT	Lodge	6,500	230	Leased	October 2000
Layton, UT	Lodge	5,900	190	Leased	October 2000
Sterling, VA	Lodge	5,200	200	Leased	December 2000
Carpentersville, IL	Lodge	6,000	227	Leased	February 2001
Streamwood, IL	Lodge	7,200	260	Leased	March 2001
Oakton, VA	Lodge	4,300	150	Leased	May 2001

All seat count and square footage amounts are approximate

*Unit is collateral in a sale-leaseback financing

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The development cost of our restaurants varies depending primarily on the size and style of the restaurant and whether it is a conversion of an existing building or a newly constructed unit. Since inception and through fiscal 2000, the development cost of existing shack or lodge restaurants has ranged from approximately \$700,000 to \$2,350,000 per restaurant for conversions ranging in size from 2,900 square feet to 7,200 square feet, and from \$1,330,000 to \$2,400,000 per restaurant for new construction ranging in size from 4,500 square feet to 6,300 square feet. Such development cost includes construction, fixtures, furniture and equipment, and pre-opening costs, but does not include the cost of purchased land as it has been our general practice to lease the majority of our sites. The development cost of the existing 10,500 square foot Blues Club in Minneapolis was approximately \$2.8 million, including pre-opening expenses of approximately \$180,000. Development of the Chicago Blues Club cost an estimated \$6.9 million including approximately \$482,000 for pre-opening expense.

There can be no assurances that units planned for 2001 and later will open when planned, or at all, due to the risks associated with the development of new units, such as governmental approvals and the availability of capital, many of which are beyond our control.

Famous Dave's leased restaurant facilities are occupied under agreements with terms ranging from four to 15 years, excluding renewal options. Such leases generally provide for fixed rental payments plus operating expenses associated with the properties. Our executive offices are located in approximately 12,500 square feet in Eden Prairie, Minnesota, under a lease expiring in 2003.

ITEM 3. LEGAL PROCEEDINGS

We are not a party to any material litigation and are not aware of any threatened litigation that would have a material adverse effect on our business.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of our security holders during the fourth quarter of the fiscal year ended December 31, 2000.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

PRICE RANGE OF COMMON STOCK

Our Common Stock is traded on The NASDAQ National Market (SM) under the symbol DAVE. Our Common Stock was quoted on The NASDAQ SmallCap Market from November 5, 1996 through July 24, 1997 and The NASDAQ National Market after July 24, 1997.

The following table summarizes the high and low closing sale prices per share of the Common Stock for the periods indicated, as reported on the NASDAQ National Market (SM):

1999 ----	HIGH ----	LOW ---
1st Quarter	3.75	2.25
2nd Quarter	3.56	2.19
3rd Quarter	3.06	1.84
4th Quarter	2.44	1.69
2000 ----	HIGH ----	LOW ---
1st Quarter	2.88	1.94
2nd Quarter	5.00	2.19
3rd Quarter	5.00	3.28
4th Quarter	4.00	2.81

On March 26, 2001, the last reported sale price for the Common Stock was \$4.125 per share. As of March 26, 2001, we had 420 record holders of Common Stock plus an estimated 5200 additional beneficial shareholders.

Famous Dave's Board of Directors has not declared any dividends on our Common Stock since its inception, and does not intend to pay out any cash dividends on its Common Stock in the foreseeable future. The Board of Directors presently intends to retain all earnings, if any, to finance the development and opening of additional Units. The payment of cash dividends in the future, if any, will be at the discretion of the Board of Directors and will depend upon such factors as earnings levels, capital requirements, our financial condition and other factors deemed relevant by the Board of Directors.

RECENT SALES OF UNREGISTERED SECURITIES

On October 12, 2000, we completed an acquisition of certain assets

comprising two existing steakhouse restaurants from Timber Lodge Steakhouse, Inc., which restaurants are located in the Salt Lake City, Utah suburbs of Midvale and Layton. The purchase was completed in part through the issuance of 125,000 shares of our common stock, valued at \$3.50 per share, to Santa Barbara Restaurant Group, Inc., the shareholder of Timber Lodge Steakhouse, Inc. In connection with this issuance, the company relied on the exemption from registration under Section 4(2) of the Securities Act of 1933, as amended, based on the Company's belief that the transaction did not involve any public offering. We have undertaken to register the shares issued in connection with the acquisition. In that regard, we filed a registration statement on Form S-3 covering the resale of such shares with the

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Securities and Exchange Commission on October 24, 2000. The SEC declared this registration statement effective on November 3, 2000. The Company will receive no proceeds from any sale of the Company's common stock by the selling shareholders under the registration statement.

On December 1, 2000, we completed an acquisition from Hunter's Restaurant & Pub of certain assets comprising one restaurant is located in Oakton, Virginia. The purchase was completed in part through the issuance of 19,000 shares of our common stock valued at \$3.406 per share to the individual shareholder of Hunters' Restaurant and Pub.

On December 4, 2000, we issued an additional 17,200 shares of our common stock to the individual shareholder of Cascade Restaurant, Inc., d/b/a Hunter's Restaurant & Pub, the corporation from which we purchased the assets comprising one restaurant in Sterling, Virginia on August 22, 2000. This common stock issuance was made in lieu of a \$60,000 cash payment due in connection with the Sterling restaurant acquisition. For purposes of this issuance, the common stock was valued at \$3.50 per share.

In connection with these December issuances, we relied on exemptions from registration under Section 4(2) of the Securities Act of 1933, as amended, based on our belief that the transactions did not involve a public offering. We undertook to register the shares issued in connection with the above-referenced transactions. In that regard, we filed a registration statement on Form S-3 covering the resale of such shares with the Securities and Exchange Commission on January 29, 2001. This registration statement, SEC File No. 333-48492, was declared effective by the SEC on February 2, 2001. The selling shareholder under this registration statement has advised us that he has not entered into any agreements, understandings or arrangements with any underwriters or broker-dealers regarding the sale of the shares, nor is there an underwriter or coordinating broker acting in connection with the proposed sale of shares by the selling shareholder. Famous Dave's will receive no proceeds from any sale of our common stock by the selling shareholder under this registration statement.

ITEM 6. SELECTED FINANCIAL DATA (IN THOUSANDS)

The Selected Financial Data presented below should be read in conjunction with the Consolidated Financial Statements and notes included in Item 8 of this Form 10-K, and in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included Item 7 of this Form 10-K.

| FOR FISCAL
YEAR
ENDING |
|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| 12/31/00 | 1/2/00 | 1/3/99 | 12/98/97 | 12/29/96 |

(IN THOUSANDS):

Revenues, net	\$	70,160	\$	47,629	\$	40,781	\$	18,202	\$	4,752
Income (loss) from operations	\$	2,581	\$	(6,223)	\$	(4,977)	\$	(5,105)	\$	(813)
Net income (loss)	\$	2,112	\$	(6,610)	\$	(4,829)	\$	(4,575)	\$	(707)
Basic net income (loss) per common share	\$.23	\$	(.75) (1)	\$	(.55) (1)	\$	(.64)	\$	(.23)
Diluted net income (loss) per common share	\$.22	\$	(.75)	\$	(.55)	\$	(.64)	\$	(.23)

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	FOR FISCAL YEAR ENDING 12/31/00	FOR FISCAL YEAR ENDING 1/2/00	FOR FISCAL YEAR ENDING 1/3/99	FOR FISCAL YEAR ENDING 12/98/97	FOR FISCAL YEAR ENDING 12/29/96					
CONSOLIDATED BALANCE SHEETS DATA (IN THOUSANDS):										
Cash and cash equivalents	\$	1,895	\$	1,712	\$	1,951	\$	7,984	\$	4,907
Total assets	\$	52,963	\$	43,326	\$	41,169	\$	46,021	\$	21,238
Current liabilities	\$	9,409	\$	11,239	\$	7,096	\$	7,523	\$	1,193
Long-term obligations, net of current portion	\$	13,147	\$	5,077	\$	1,000	\$	1,390	\$	742
Shareholders' equity	\$	30,061	\$	27,010	\$	33,073	\$	37,108	\$	19,303

- (1) Net loss for years January 2, 2000 and January 3, 1999 includes an impairment loss of long-lived assets of \$5.5 million and \$1.6 million

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The business of Famous Dave's of America, Inc. is to develop, operate and/or franchise casual dining restaurants under the name "Famous Dave's". As of December 31, 2000, we owned and operated thirty-three restaurants: fourteen in Minnesota, five in Illinois, three each in Wisconsin, Iowa and Maryland, two each in Utah and Virginia and one in Nebraska. In addition to these thirty-three restaurants, we have two additional units in development in the Chicago area and nine restaurants operating in Minnesota, Illinois and Wisconsin under franchise agreements.

Our future additional revenues and profits will depend upon various factors, including additional market acceptance of the Famous Dave's concept, the quality of the restaurant operations, the ability to successfully expand into new markets, our ability to raise additional financing as required and general economic conditions. There can be no assurance we will successfully implement our expansion plans, in which case we will continue to be dependent on revenues from existing operations. We also face all of the risks, expenses and difficulties frequently encountered in the development of an expanding business. Furthermore, to the extent that our expansion strategy is successful, we must manage the transition to multiple-site and higher-volume operations, the control of overhead expenses and the addition and retention of necessary personnel.

Components of operating expenses include operating payroll and employee benefits, occupancy costs, repair and maintenance, and advertising and promotion. Certain of these costs are variable and will increase with sales volume. The primary fixed costs are corporate and restaurant management and occupancy costs. Our experience is that when a new restaurant opens, it incurs higher than normal levels of labor and food costs until operations stabilize, usually during the first three months of operation. As restaurant management and

staff gain experience following the opening, labor scheduling, food cost management and operating expense control are improved to levels similar to those at our more established restaurants.

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General and administrative expenses include all corporate and administrative functions that serve to support existing operations and provide an infrastructure to support future growth. Management, supervisory and staff salaries, employee benefits, travel, rent, depreciation, general insurance and marketing expenses are major items in this category.

As of January 1, 1996, we elected a 52 or 53 week fiscal year ending on the Sunday nearest December 31. Before January 1, 1996, we used a fiscal year ending on December 31. Fiscal year 1998 was a 53 week year, while fiscal years 1999 and 2000 were both 52 week years.

We were formed in March 1994 and opened our first restaurant in Minneapolis in June 1995. Through December 31, 2000, we operated a total of thirty-three restaurants and franchised nine locations.

OPERATING RESULTS

Overall results of operations for the 52 weeks ended December 31, 2000 reflect the opening of eleven new units during fiscal 2000. Our overall operating results for fiscal 2000, fiscal 1999 and fiscal 1998, expressed as a percentage of net revenue, were as follows:

	FISCAL YEARS ENDED		
	DECEMBER 31, 2000 ----	JANUARY 2, 2000 ----	JANUARY 3, 1999 ----
Revenue, Net.....	100.0	100.0	100.0
Unit-Level Costs and Expenses:			
Food and Beverage Costs.....	32.2	33.8	35.6
Labor and Benefits.....	28.1	27.9	26.7
Operating Expenses.....	22.2	24.0	21.6
Depreciation and Amortization.....	5.3	6.2	5.4
Pre-opening Expenses.....	1.2	1.2	3.3
	-----	-----	-----
Total Costs and Expenses.....	88.9	93.1	92.6
	-----	-----	-----
Income from Unit-level Operations.....	11.1	6.9	7.4
General and Administrative Expenses.....	7.4	8.9	15.8
Impairment Reserve on Restaurants and Other Assets.....	0.0	11.6	3.9
Income(Loss) from Operations.....	3.7	(13.2)	(12.3)
Interest and Other Income (Expense).....	(1.6)	(0.7)	0.7
Gain on Sale of Property.....	0.9	0.0	0.0
Cumulative Effect of Change in Accounting Principle.....	0.00	0.00	(0.3)
Net Income(Loss).....	3.0	(13.9)	(11.9)
	=====	=====	=====

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A breakdown of our restaurant (restaurant, ribfest and retail operations) operating results are as follows (amounts in \$000's):

FOR FISCAL YEAR ENDING 12/31/00

	Restaurant Operations		Total Company	
	\$ Amount	% of Net Revenue	\$ Amount	% of Net Revenue
Revenue, Net.....	69,193	100.0	70,160	100.0
Unit-Level Costs and Expenses:				
Food and Beverage Costs.....	22,611	32.7	22,611	32.2
Labor and Benefits.....	19,686	28.5	19,686	28.1
Operating Expenses.....	15,568	22.5	15,573	22.2
Depreciation and Amortization.....	3,479	5.0	3,694	5.3
Pre-opening Expenses.....	0	0.0	850	1.2
Total Costs and Expenses.....	61,344	88.7	62,414	89.0
Income from Unit-level Operations....	7,849	11.3	7,746	11.0

FOR FISCAL YEAR ENDING 01/02/00

	Restaurant Operations		Total Company	
	\$ Amount	% of Net Revenue	\$ Amount	% of Net Revenue
Revenue, Net.....	47,575	100.0	47,629	100.0
Unit-Level Costs and Expenses:				
Food and Beverage Costs.....	16,081	33.8	16,081	33.8
Labor and Benefits.....	13,286	27.9	13,286	27.9
Operating Expenses.....	11,420	24.0	11,420	24.0
Depreciation and Amortization.....	2,725	5.7	2,954	6.2
Pre-opening Expenses.....	0	0.0	573	1.2
Total Costs and Expenses.....	43,512	91.5	44,314	93.0
Income from Unit-level Operations....	4,063	8.5	3,315	7.0

FOR FISCAL YEAR ENDING 01/03/99

	Restaurant Operations		Total Company	
	\$ Amount	% of Net Revenue	\$ Amount	% of Net Revenue
Revenue, Net.....	40,761	100.0	40,781	100.0
Unit-Level Costs and Expenses:				
Food and Beverage Costs.....	14,502	35.6	14,502	35.6
Labor and Benefits.....	10,901	26.7	10,902	26.7
Operating Expenses.....	8,043	19.7	8,044	19.7
Depreciation and Amortization.....	2,181	5.4	2,181	5.3
Pre-opening Expenses.....	0	0.0	1,326	3.3
Total Costs and Expenses.....	35,627	87.4	36,955	90.6

Income from Unit-level Operations....	5,134	12.6	3,826	9.4
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FISCAL YEAR 2000 COMPARED TO FISCAL YEAR 1999

Net Restaurant Revenue -- Net restaurant revenue increased by \$21,618,000 or 45.4% to \$69,193,000 for the year ended December 31, 2000 from \$47,575,000 for the year ended January 2, 2000. The increase in revenue was due primarily to an additional eleven restaurants opened and acquired during fiscal 2000, adding to the base of twenty-four restaurants open as of January 2, 2000 (approximately \$16.3 million of the increase), the contribution of a full year of revenue from restaurants which were open for only part of 1999 (approximately \$6.7 million of the increase) and an increase in revenue from restaurants open for all of both periods (approximately \$1.4 million), offset by a decline in revenue from two existing restaurants that were franchised in fiscal 2000 (approximately \$1.3 million) and the sale of the retail line of business in June 2000 (approximately \$1.5 million). Because of the fiscal 2000 restaurant openings, and expected additional restaurant openings in 2001, we anticipate net revenue and operating costs and expenses to continue to increase during fiscal 2001. During fiscal 2000, we increased menu prices an average of 1.5%.

Other Revenue -- Other revenue for the Company consists of royalty revenues and franchise fees. Franchise revenues for fiscal 2000 were \$904,000 compares to \$54,000 for the same period in 1999. Franchise revenue includes both franchise royalty income and franchise fees. Royalties are based on a percent of sales, while fee amounts reflect initial non-refundable fixed fees and are recorded as revenue when an agreement is signed and no additional material services are required by the Company. The Company currently has nine franchises open compared to two for the same period in 1999. During the second quarter 2000, the Company sold its sauce and seasoning retail line of business and now receives licensing royalty income. For fiscal year 2000, the licensing royalty income was \$64,000.

Same Store Sales -- It is our policy to include in our same store sales base restaurants that have been open more than eighteen months. During fiscal 2000, there were twenty-one restaurants included in this base. Same store sales for fiscal 2000 increased approximately 5.3% compared to fiscal 1999's increase of approximately 2.6%. Management believes that the increase in comparable sales is a result of continued improvements in customer satisfaction and favorable economic trends.

Average Weekly Sales -- Average weekly sales from restaurant operations increased to \$44,270 in fiscal 2000 from \$37,750 in fiscal 1999. Restaurant operating weeks during fiscal 2000 totaled 1,532 compared to 1,183 in fiscal 1999. The increase in average weekly volume is due to the 5.3% increase in comparable restaurant sales combined with the successful opening of new, higher volume restaurants.

Food and Beverage Costs -- Food and beverage costs for fiscal 2000 were \$22,611,000 or 32.7% of net restaurant revenue compared to \$16,082,000 or 33.8% for fiscal 1999. The decrease in food and beverage costs as a percent of net restaurant revenue was primarily due to an increase in higher margin liquor sales and increased cost controls.

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Labor and Benefits -- Labor and benefits were \$19,686,000 or 28.5% of net restaurant revenue in fiscal 2000 compared to \$13,286,000 or 27.9% of net revenue in fiscal 1999. The increase in labor and benefits both in amount and as a percent of net restaurant revenue was primarily attributable to the opening of eleven new restaurants with full-service as well as a heightened emphasis on training and execution in our restaurants. Additionally, prior year revenue included the retail sauce and seasoning division against which there was minimal labor charges. Full service restaurants that operate in states without a "tip credit" (such as Minnesota) experience a higher wage rate for dining room labor than do restaurants located in states where a tip credit is available to reduce wages paid to foodservers. The migration toward full service dining in most of our restaurants is part of our strategy for increasing unit-level revenue, but does result in higher labor costs.

Operating Expenses -- Operating expenses for fiscal 2000 were \$15,568,000 or 22.5% of net restaurant revenue compared to \$11,420,000 or 24.0% of net restaurant revenue for fiscal 1999. The dollar increase in operating expenses is related to the increased number of restaurants. The decrease in operating expenses as a percent of net restaurant revenue in fiscal 2000 compared to fiscal 1999 is primarily due to continued emphasis placed on cost reduction efforts as well as the impact of fixed costs against a higher average volume.

Depreciation and Amortization -- Unit-level depreciation and amortization for fiscal 2000 was \$3,694,000 or 5.3% of net restaurant revenue compared to \$2,725,000 or 5.7% of net restaurant revenue for fiscal 1999. The decrease in unit-level depreciation and amortization as a percent of net restaurant revenue is due primarily to increased revenue from both new and existing restaurants in fiscal 2000. The increased dollar amount of depreciation expense is the result of increased construction costs of new units opened in fiscal 2000 and a full year's depreciation from locations open only part of fiscal 1999.

Income from Unit-level Operations -- Income from unit-level operations totaled \$7,746,000 or 11.1% of net operating revenue for fiscal 2000 compared to \$3,544,000 or 7.4% of net operating revenue for fiscal 1999. Income from unit-level operations represents income from operations before general and administrative expenses. Although income from unit-level operations should not be considered an alternative to income/loss from operations as a measure of our operating performance, such unit-level measurement is commonly used as an additional measure of operating performance in the restaurant industry and certain related industries. The change in income from unit-level operations from fiscal 1999 to fiscal 2000 is primarily attributable to the increase in net revenue both from existing units and additional units opened and an increase in royalty income and franchise fees. Other changes in costs and expenses discussed above also contributed to the change in income from unit-level operations.

Pre-opening Expenses -- Pre-opening expenses were \$850,000 or 1.2% of net revenue for fiscal 2000 compared to \$573,000 or 1.2% of net revenue for fiscal 1999. These expenses reflect the opening and conversion of eleven new restaurants in fiscal 2000 compared to two new restaurants in fiscal 1999.

General and Administrative Expenses -- General and administrative expenses totaled \$5,165,000 or 7.4% of net operating revenue in fiscal 2000 compared to \$4,025,000 or 8.5% of net operating revenue in fiscal 1999. Included

in the 1999 amount is \$147,000 associated with severance and restructuring charges taken in the fourth quarter of 1999. The dollar increase reflects an increase in the corporate infrastructure to support recent growth. The reduction in general and administrative expenses as a percentage of net operating revenue reflects the company's ability to leverage its current infrastructure against increased revenues.

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Income (Loss) From Operations -- Income from operations totaled 2,581,000 or 3.7% of net operating revenue for fiscal 2000 compared to a loss of (\$6,223,000) or (13.1%) of net operating revenue for fiscal 1999. The loss from operations in 1999 reflects approximately \$5.7 million in expenses associated with impairment charges on certain restaurants, severance payments and other miscellaneous expenses taken in the fourth quarter of fiscal 1999. Excluding these special provisions, the comparable loss from operations for fiscal 1999 is (\$617,000) or (1.3%). The increase in income from fiscal 1999 to fiscal 2000 is due to the increased income from new and existing restaurants and royalty income and franchise fees.

Interest and Other Income (Expense), Net -- Interest and other income (expense), net, which primarily represents interest expense from capital lease obligations, a line of credit, notes payable and financing lease obligations, totaled (\$1,305,000) or (1.9%) for fiscal 2000 compared to (\$446,000) or (0.9%) for fiscal 1999. The increase in expense from fiscal 1999 to fiscal 2000 is primarily due to additional borrowings and the corresponding interest expense on notes payable, interest incurred on a bank line of credit and the elimination of short-term investments in fiscal 2000.

Gain on Sale of Property -- During June 2000 the Company recorded a gain on sale of property associated with the sale of our sauce and seasoning retail line of business and the sale of two company-operated restaurants to franchisees. The Company also recorded a \$394,000 deferred gain, of which \$19,000 was recognized in fiscal 2000. The gain on sale of property was \$658,000 or 0.9% of net operating revenue.

Net Income (Loss) / Diluted Net Income (Loss) per Share -- Net income for fiscal 2000 was \$2,112,000 or \$.22 per share on 9,745,000 weighted average shares outstanding, compared to a loss of (\$6,610,000) or (\$.75) on 8,842,000 weighted average shares outstanding for fiscal 1999. The fiscal 1999 loss includes the accounting charges taken in the fourth quarter of fiscal 1999 for impairment charges on certain restaurants, severance payments and other miscellaneous expenses. There was no impairment reserve required for fiscal 2000. Exclusive of the accounting charges taken in fiscal 1999, the comparable loss would have been (\$950,000) or (\$.11). The increase in net income and diluted net income per share in fiscal 2000 is due to increased income from restaurant and franchise operations, an emphasis on controlled expenses and no requirement for an impairment reserve, but is offset by an increase in the number of shares outstanding.

Net Restaurant Revenue -- Net restaurant revenue increased by \$6,814,000 or 16.7% to \$47,575,000 for the year ended January 2, 2000 from \$40,761,000 for the year ended January 3, 1999. The increase in revenue was due primarily to an additional two restaurants opened during fiscal 1999, adding to the base of twenty-two restaurants open as of January 3, 1999 (approximately \$2.4 million of the increase), the contribution of a full year of revenue from restaurants which were open for only part of 1998 (approximately \$4.8 million of the increase) and an increase in non-restaurant revenues (approximately \$673,000 of the increase) offset by a decline in revenue from restaurants open for all of both periods (approximately \$511,000) and the lost revenue from two restaurants closed in 1998 (approximately \$527,000). Because of the fiscal 1999 restaurant openings, and expected additional restaurant openings in fiscal 2000, we anticipate net revenue and operating costs and expenses to continue to increase during fiscal 2000. We had no material menu price increases during fiscal 1999.

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Same Store Sales -- It is our policy to include in our same store sales base restaurants that have been open more than eighteen months. During fiscal 1999, there were nineteen restaurants included in this base. Same store sales for fiscal 1999 increased approximately 2.6% compared to fiscal 1998's decrease of approximately 17.5%. Management is encouraged by the increases as sales were largely unaided by media advertising.

Average Weekly Sales -- Average weekly sales from restaurant operations decreased from \$38,100 in fiscal 1998 to \$37,750 in fiscal 1999. Restaurant operating weeks during fiscal 1998 totaled 1,011 compared to 1,183 in fiscal 1999. Average weekly sales at units opened outside of the Minneapolis/St. Paul market have generally been higher than sales at units within the Minneapolis/St. Paul area which management finds encouraging as it expands into new markets.

Food and Beverage Costs -- Food and beverage costs for fiscal 1999 were \$16,081,000 or 33.8% of net revenue compared to \$14,503,000 or 35.6% for fiscal 1998. The decrease in food and beverage costs as a percent of net revenue was primarily due to improved purchasing economies including contract pricing of certain pork items and an increase in liquor sales, partially offset by costs associated with increased sales of lower margin retail grocery items.

Labor and Benefits -- Labor and benefits were \$13,286,000 or 27.9% of net revenue in fiscal 1999 compared to \$10,902,000 or 26.7% of net revenue in fiscal 1998. The increase in labor and benefits as a percent of net revenue was primarily attributable to the introduction of full table service in several restaurants that were formerly counter service shacks as well as a heightened emphasis on training and execution in our restaurants. Full service restaurants that operate in states without a "tip credit" (such as Minnesota) experience a higher wage rate for dining room labor than do restaurants located in states where a tip credit is available to reduce wages paid to foodservers. The migration toward full service dining in most of our restaurants is part of our strategy for increasing unit-level revenue, but does result in higher labor costs.

Operating Expenses -- Operating expenses for fiscal 1999 were \$11,420,000 or 24.0% of net revenue compared to \$8,807,000 or 21.6% of net revenue for fiscal 1998. The increase in operating expenses both in amount and as a percent of net revenue in fiscal 1999 compared to fiscal 1998 is primarily due to increases in fixed expenses such as rent and real estate taxes, the marketing expenses allocated to the restaurants and other operating costs, such

as entertainment expenses at the Blues Clubs.

Depreciation and Amortization -- Unit-level depreciation and amortization for fiscal 1999 was \$2,725,000 or 5.8% of net revenue compared to \$2,181,000 or 5.4% of net revenue for fiscal 1998. The increase in unit-level depreciation and amortization as a percent of net revenue is due primarily to higher depreciation expense resulting from increased construction costs of new units opened in fiscal 1999 including the Chicago Blues Club and a full year's depreciation from locations open only part of fiscal 1998.

Income from Unit-level Operations -- Income from unit-level operations totaled \$3,490,000 or 7.3% of net revenue for fiscal 1999 compared to \$3,042,000 or 7.4% of net revenue for fiscal 1998. Income from unit-level operations represents income from operations before general and administrative expenses. Although income from unit-level operations should not be considered an alternative to income/loss from operations as a measure of our operating performance, such unit-level measurement is commonly used as an additional measure of operating performance in the restaurant industry and certain related industries. The change in income from unit-level operations, in amount from 1998 to 1999 is

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primarily attributable to the increase in net revenue both from existing units and additional units opened. Other changes in costs and expenses discussed above also contributed to the change in income from unit-level operations.

Pre-opening Expenses -- Pre-opening expenses were \$573,000 or 1.2% of net revenue for fiscal 1999 compared to \$1,326,000 or 3.3% of net revenue for fiscal 1998. These expenses reflect the opening of two new restaurants in fiscal 1999 compared to the opening of ten new restaurants in fiscal 1998.

General and Administrative Expenses -- General and administrative expenses decreased to \$4,254,000 or 8.9% of net revenue in fiscal 1999 from \$6,451,000 or 15.8% of net revenue in fiscal 1998. Included in the 1999 amount is \$147,000 associated with severance and restructuring charges taken in the fourth quarter, compared to the 1998 amount which includes \$1,146,000 for severance and restructuring costs recorded in the first quarter of that year. Without these charges, general and administrative expense would still have been significantly less (\$1,198,000 or 4.4%) in fiscal 1999 than in the preceding year. The reduction in general and administrative expenses as a percentage of net revenue reflects increased revenue and the adjustment of our corporate infrastructure to a reduced level which management believes is appropriate to support current, more controlled plans for expansion.

Loss From Operations -- Loss from operations totaled (\$6,223,000) or (13.1%) of net revenue for fiscal 1999 compared to (\$4,977,000) or (12.2%) of net revenue for fiscal 1998. The loss from operations in 1999 reflects approximately \$5.7 million in expenses associated with impairment charges on certain restaurants, severance payments and other miscellaneous expenses taken in the fourth quarter of fiscal 1999. This compares to the loss from operations in fiscal 1998 which included approximately \$2.7 million in expenses associated with a provision for disposition of two restaurants and severance and restructuring charges taken in the first quarter of 1998. Excluding these special provisions, the comparable loss from operations for fiscal 1999 is (\$617,000) or (1.3%) compared to a loss of (\$2,263,000) or (5.6%) for fiscal 1998.

Interest and Other Income (Expense), Net -- Interest and other income (expense), net, which primarily represents interest income from short-term investments and franchise income offset by interest expense on capital lease obligations and notes payable, totaled (\$333,000) for fiscal 1999 compared to

\$288,000 for fiscal 1998. The decrease from fiscal 1998 to fiscal 1999 was due primarily to the reduced level of short-term investments in 1999 and an increase in interest expense on a sale-leaseback transaction and a line of credit.

Net Loss / Net Loss per Share -- Net loss for fiscal 1999 was (\$6,610,000) compared to (\$4,829,000) for fiscal 1998. Basic and diluted net loss per common share was (\$0.75) for fiscal 1999 compared to (\$0.55) for fiscal 1998. The increase in the net loss in 1999 compared to 1998 is due to the accounting charges taken in the fourth quarter of fiscal 1999 for impairment charges on certain restaurants, severance payments and other miscellaneous expenses. Exclusive of the accounting charges taken in fiscal 1999 and fiscal 1998, the comparable loss would have been (\$950,000) or (\$0.11) for fiscal 1999 and (\$2,095,000) or (\$0.24) for fiscal 1998.

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FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2000, we held cash of approximately \$1.9 million compared to \$1.7 million as of January 2, 2000. As reflected in the accompanying consolidated financial statements, this increase in cash during the fifty-two weeks ended December 31, 2000 reflects additional earnings, cash from financing activities and the use of cash for the purchase and/or development of property, equipment and leasehold improvements (approximately \$8.8 million).

At December 31, 2000, we were a party to a credit agreement with a bank which provided approximately \$4.5 million of borrowing capability to us, of which approximately \$544,000 was outstanding at year end. This agreement is secured by substantially all of our property, and in addition is guaranteed by and secured by certain of the assets of our Chairman, David Anderson. For fiscal year 2000, the credit agreement carries an interest rate of 4% above the Prime Rate, and provides for borrowing up to a maximum of 50% of the value of a collateral pool which consists of our property and certain of the property pledged to secure the credit agreement by Mr. Anderson. Total availability on this agreement as of December 31, 2000 was \$1,680,000 due to collateral limits. The credit agreement matures in April 2002.

During fiscal 2000, we secured a commitment for \$2.5 million in financing for restaurant equipment, software, and signage. As of December 31, 2000, none of this financing had been utilized.

On March 31, 1999 we closed on a sale-leaseback financing transaction that provided net proceeds of approximately \$4.4 million.

As of December 31, 2000 we have mortgage financings secured by land and buildings that provided proceeds of approximately \$7.3 million for continued development of Company owned restaurants.

To continue our expansion, we anticipate that additional financing will be required during fiscal 2001. We anticipate that future development and expansion will be funded or financed primarily through cash and short-term investments currently held, proceeds from the sale of additional equity and/or debt securities, and proceeds from other forms of financing such as lease financing or other credit facilities. However, there are no assurances that additional financing required for expansion will be available on terms acceptable or favorable to us.

INCOME TAXES

At December 31, 2000, we had federal and state net operating loss carryforwards ("NOL's") for tax reporting purposes of approximately \$11.0 million, which if not used will begin to expire in 2011 and tax credit carryforwards of approximately \$585,000 which, if not used, will begin to expire in 2011. Future changes in ownership, if any, may place limitations on the use of these NOL's. We have recorded a full valuation allowance against the deferred tax asset related to the NOL's due to the uncertainty of realizing the related benefit.

QUARTERLY FLUCTUATIONS, SEASONALITY AND INFLATION

Our restaurants typically generate higher revenues in the second and third quarters and lower revenues in the first and fourth quarters as a result of seasonal traffic increases experienced during the summer months, and possible adverse weather which can disrupt customer and employee transportation to our restaurants.

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The primary inflationary factors affecting our operations include food and beverage and labor costs. In addition, our leases require us to pay taxes, maintenance, repairs and utilities and these costs are subject to inflationary increases. In addition, we are subject to interest rate changes based on market conditions.

We believe low inflation rates have contributed to relatively stable costs. There is no assurance, however, that low inflation rates will continue.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's financial instruments include cash and cash equivalents and long-term debt. The Company includes as cash and cash equivalents certificates of deposits and all other investments with original maturities of three months or less when purchased and which are readily convertible into known amounts of cash. The Company's cash and cash equivalents are not subject to significant interest rate risk due to the short maturities of these instruments. The total outstanding long-term debt of the Company as of December 31, 2000 was \$9,330,000. The Company's long-term debt is not subject to interest rate risk because all of the Company's long-term debt has fixed rates of interest. The Company does not enter into contracts for speculative or investment purposes.

The Company's primary exposure to market risk associated with changes in interest rates involves the Company's revolving line of credit with Associated Commercial Finance, Inc. (f/k/a BNC Financial Corporation). Advances on this line of credit are due on demand and accrue interest at the prime rate plus 4%, payable monthly. Therefore, an increase or decrease in interest rates (and specifically the prime rate) will cause a corresponding increase or decrease in interest expenses associated with this line of credit. As of December 31, 2000, this line of credit had maximum borrowings of approximately \$1,680,000, of which approximately \$544,000 was outstanding as of such date. Based on the applicable reference rate on December 31, 2000 (13.5%) and assuming all other factors remain constant, interest expense for a twelve-month period would be approximately \$73,440. A reference rate increase of 100 basis points would result in an increase in interest expense of \$5,440. A 100 point decrease in the reference rate would result in a decrease of \$5,440 in interest expense over the same twelve-month period.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain Statements in this Form 10-K constitute "Forward-Looking Statements" within the meaning of the private securities litigation reform act of 1995 (the "Reform Act"). Such Forward-Looking statements involve known and unknown risks, uncertainties, and other factors which may cause our actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: additional market acceptance of the Famous Dave's concept; our ability to successfully expand into new markets; our ability to execute our expansion strategy; changes in business strategy or development plans; availability and terms of capital; changes in costs of food, labor, and employee benefits; changes in government regulations; competition; availability of locations and terms of sites for restaurant development; development and operating costs; advertising and promotional efforts; brand awareness and other factors referenced in this Form 10-K.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Famous Dave's of America, Inc. are included herein following the signatures, beginning at page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information in response to this Item is incorporated herein by reference to our definitive proxy statement to be filed pursuant to Regulation 14 A within 120 days after the end of the fiscal year covered by this form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

Information in response to this Item is incorporated herein by reference to our definitive proxy statement to be filed pursuant to Regulation 14 A within 120 days after the end of the fiscal year covered by this form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information in response to this Item is incorporated herein by reference to our definitive proxy statement to be filed pursuant to Regulation 14 A within 120 days after the end of the fiscal year covered by this form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information in response to this Item is incorporated herein by reference to our definitive proxy statement to be filed pursuant to Regulation 14 A within 120 days after the end of the fiscal year covered by this form 10-K.

ITEM 14. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

See "exhibit index" on the page following the Consolidated Financial

Statements.

(b) Reports on Form 8-K.

None.

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SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FAMOUS DAVE'S OF AMERICA, INC.
("REGISTRANT")

Dated: March 29, 2001

By /s/ Martin J. O'Dowd

Martin J. O'Dowd
Chief Executive Officer, President and
Secretary

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed on March 29, 2001 by the following persons on behalf of the Registrant, in the capacities indicated.

SIGNATURE	TITLE
/s/ David W. Anderson ----- David W. Anderson	Chairman of the Board
/s/ Martin J. O'Dowd ----- Martin J. O'Dowd	Chief Executive Officer, President, Secretary and Director (principal executive officer and principal financial officer)
/s/ Kenneth J. Stanecki ----- Kenneth J. Stanecki	Chief Financial Officer
/s/ Thomas J. Brosig	Director

Thomas J. Brosig

/s/ Richard L. Monfort Director

Richard L. Monfort

/s/ K. Jeffrey Dahlberg Director

K. Jeffrey Dahlberg

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ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Famous Dave's of America, Inc.:

We have audited the accompanying consolidated balance sheets of Famous Dave's of America, Inc. and subsidiaries as of December 31, 2000 and January 2, 2000, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Famous Dave's of America, Inc. and subsidiaries as of December 31, 2000 and January 2, 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

VIRCHOW, KRAUSE & COMPANY, LLP

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FAMOUS DAVE'S OF AMERICA, INC. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 DECEMBER 31, 2000 AND JANUARY 2, 2000
 (IN THOUSANDS, EXCEPT PER SHARE DATA)

	2000	1999
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,895	\$ 1,712
Accounts receivable, net	1,007	663
Inventories	1,394	1,108
Prepays and other current assets	650	586
	-----	-----
Total current assets	4,946	4,069
PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET	46,052	38,742
OTHER ASSETS:		
Notes receivable, net of current portion	832	0
Deposits	550	315
Debt issuance costs, net	583	200
	-----	-----
Total assets	\$ 52,963	\$ 43,326
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Line of credit	\$ 544	\$ 3,050
Current portion of long-term debt	886	0
Current portion of capital lease obligations	420	1,026
Accounts payable	3,678	4,220
Accrued payroll and related taxes	1,102	807
Other current liabilities	2,779	2,136

Total current liabilities	9,409	11,239
LONG-TERM DEBT, NET OF CURRENT PORTION	8,444	0
FINANCING LEASE OBLIGATION	4,500	4,500
CAPITAL LEASE OBLIGATIONS, NET OF CURRENT PORTION	203	577
DEFERRED GAIN, NET OF CURRENT PORTION	346	0
Total liabilities	22,902	16,316

COMMITMENTS AND CONTINGENCIES (NOTE 15)

SHAREHOLDERS' EQUITY:

Common stock, \$.01 par value, 100,000 shares authorized, 9,346 and 9,055 shares issued and outstanding	93	9
Additional paid-in capital	44,202	43,265
Accumulated deficit	(14,234)	(16,346)
Total shareholders' equity	30,061	27,010
	\$ 52,963	\$ 43,326

See accompanying notes to consolidated financial statements.

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FAMOUS DAVE'S OF AMERICA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2000, JANUARY 2, 2000 AND JANUARY 3, 1999
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	2000	1999	1998
REVENUES, NET	\$ 70,160	\$ 47,629	\$ 40,781
COSTS AND EXPENSES:			
Food and beverage costs	22,611	16,081	14,503
Labor and benefits	19,686	13,286	10,902
Operating expenses	15,573	11,420	8,807
Depreciation and amortization	3,694	2,954	2,181
Pre-opening expenses	850	573	1,326
Impairment reserve on restaurants and other assets	0	5,513	1,588
General and administrative	5,165	4,025	6,451
Total costs and expenses	67,579	53,852	45,758
INCOME (LOSS) FROM OPERATIONS	2,581	(6,223)	(4,977)
OTHER INCOME (EXPENSE):			
Interest income (expense), net	(1,246)	(387)	261
Gain on sale of property	658	0	7
Other income	119	0	0
Total other income (expense)	(469)	(387)	268
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	2,112	(6,610)	(4,709)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	0	0	(120)
NET INCOME (LOSS)	\$ 2,112	\$ (6,610)	\$ (4,829)
BASIC NET INCOME (LOSS) PER COMMON SHARE BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	\$ 0.23	\$ (0.75)	\$ (0.53)
BASIC NET INCOME (LOSS) PER COMMON SHARE	\$ 0.23	\$ (0.75)	\$ (0.55)
DILUTED NET INCOME (LOSS) PER COMMON SHARE BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	\$ 0.22	\$ (0.75)	\$ (0.53)
DILUTED NET INCOME (LOSS) PER COMMON SHARE	\$ 0.22	\$ (0.75)	\$ (0.55)

WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC	9,149	8,842	8,813
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - DILUTED	9,745	8,842	8,813

See accompanying notes to consolidated financial statements.

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FAMOUS DAVE'S OF AMERICA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2000, JANUARY 2, 2000 AND JANUARY 3, 1999
(IN THOUSANDS)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount			
BALANCE - DECEMBER 28, 1997	8,667	\$ 87	\$ 41,928	\$ (4,907)	\$ 37,108
Exercise of stock options	171	1	793		794
Net loss				(4,829)	(4,829)
BALANCE - JANUARY 3, 1999	8,838	88	42,721	(9,736)	33,073
Issuance of common stock in connection with acquisition of property, equipment and leasehold improvements	211	3	427	--	430
Issuance of warrants in connection with acquisition of property, equipment and leasehold improvements	--	--	110	--	110
Exercise of stock options	6	--	7	--	7
Net loss	--	--	--	(6,610)	(6,610)
BALANCE - JANUARY 2, 2000	9,055	91	43,265	(16,346)	27,010
Issuance of common stock in connection with acquisition of property, equipment and leasehold improvements (net of expenses of \$10)	232	2	795	--	797
Issuance of common stock for accounts payable	16	--	57	--	57
Exercise of stock options	43	--	85	--	85
Net income	--	--	--	2,112	2,112
BALANCE - DECEMBER 31, 2000	9,346	\$ 93	\$ 44,202	\$ (14,234)	\$ 30,061

See accompanying notes to consolidated financial statements.

FAMOUS DAVE'S OF AMERICA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2000, JANUARY 2, 2000 AND JANUARY 3, 1999
(IN THOUSANDS)

	2000	1999	1998
	-----	-----	-----
Cash flows from operating activities:			
Net income (loss)	\$ 2,112	\$ (6,610)	\$ (4,829)
Adjustments to reconcile net income (loss) to cash flows from operating activities:			
Depreciation and amortization	3,694	2,954	2,560
Impairment reserve for restaurants and other assets	0	5,513	1,588
Reserve for other capital items	0	(393)	260
(Gain) loss on disposal of property, equipment and leasehold improvements	(658)	0	253
Changes in operating assets and liabilities:			
Accounts receivable, net	(344)	(478)	201
Inventories	(284)	(200)	(638)
Prepays and other current assets	(7)	53	(5)
Deposits	(235)	(29)	(46)
Accounts payable	(485)	(1,252)	(1,545)
Accrued payroll and related taxes	295	236	(172)
Other current liabilities	541	495	565
	-----	-----	-----
Cash flows from operating activities	4,629	289	(1,808)
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of available-for-sale securities	0	1,648	17,757
Purchase of available-for-sale securities	0	(24)	(9,053)
Proceeds from sale of property, equipment and leasehold improvements	530	0	0
Purchases of property, equipment and leasehold improvements	(8,776)	(8,405)	(14,058)
Payments received on notes receivable	31	0	0
	-----	-----	-----
Cash flows from investing activities	(8,215)	(6,781)	(5,354)
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payments for debt issuance costs	(383)	(200)	0
Net advances (payments) on line of credit	(2,506)	2,367	683
Proceeds from financing lease obligation	0	4,500	0
Proceeds from long-term debt	7,300	0	0
Payments on long-term debt	(263)	0	0
Payments on capital lease obligations	(454)	(421)	(348)
Proceeds from exercise of stock options	85	7	794
Legal fees related to common stock issued	(10)	0	0
	-----	-----	-----
Cash flows from financing activities	3,769	6,253	1,129
	-----	-----	-----
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	183	(239)	(6,033)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,712	1,951	7,984
	-----	-----	-----
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,895	\$ 1,712	\$ 1,951
	=====	=====	=====

See accompanying notes to consolidated financial statements.

FAMOUS DAVE'S OF AMERICA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2000, JANUARY 2, 2000 AND JANUARY 3, 1999

(1) NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS - Famous Dave's of America, Inc. (the Company) was incorporated in Minnesota on March 14, 1994. The Company develops, owns, operates and franchises restaurants under the name "Famous Dave's". At December 31, 2000, the Company had thirty-three owned restaurants and nine franchises in operation, with additional restaurants in development.

PRINCIPLES OF CONSOLIDATION - The consolidated financial statements include the accounts of Famous Dave's of America, Inc. and its wholly owned subsidiaries. All significant inter-company transactions and balances have been eliminated in consolidation.

FISCAL YEAR - The Company has adopted a 52/53 week accounting period ending on the Sunday nearest December 31 of each year. The years ended December 31, 2000 and January 2, 2000 were 52 week years and the year ended January 3, 1999 was a 53 week year.

CASH AND CASH EQUIVALENTS - The Company includes as cash equivalents certificates of deposit and all other investments with original maturities of three months or less when purchased, which are readily convertible into known amounts of cash. The Company deposits its cash in high credit quality financial institutions. The balances, at times, may exceed federally insured limits.

ACCOUNTS RECEIVABLE - The Company provides an allowance for uncollectible accounts on accounts receivable. The allowance for uncollectible accounts was \$85,000 and \$10,000 at December 31, 2000 and January 2, 2000. The Company believes all accounts receivable in excess of the allowance are fully collectible. If accounts receivable in excess of the provided allowance are determined uncollectible, they are charged to expense in the year that determination is made. The Company extends unsecured credit to customers in the normal course of business.

INVENTORIES - Inventories consist principally of food, beverages and retail goods and are recorded at the lower of cost (first-in, first-out) or market.

DEPRECIATION - Property, equipment and leasehold improvements are recorded at cost. Improvements are capitalized while repair and maintenance costs are charged to operations when incurred. Furniture, fixtures, equipment and antiques are depreciated or amortized using the straight-line method over estimated useful lives ranging from three to seven years, while buildings are depreciated over twenty-five years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term, including renewal options, or the estimated useful life of the assets which is twenty years.

DEBT ISSUANCE COSTS - Debt issuance costs are amortized over the life of the loan using the straight-line method, which approximates the interest method.

CAPITALIZED INTEREST - Interest costs capitalized during the construction period of restaurants were approximately \$325,000, \$328,000 and \$84,000 for the years ended December 31, 2000, January 2, 2000 and January 3, 1999, respectively.

ADVERTISING COSTS - Advertising costs are charged to expense as incurred. Advertising costs were approximately \$1,244,000, \$1,290,000 and \$688,000 for the years ended December 31, 2000, January 2, 2000 and January 3, 1999, respectively, and are included in operating expenses in the consolidated statements of operations.

FAMOUS DAVE'S OF AMERICA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2000, JANUARY 2, 2000 AND JANUARY 3, 1999

PRE-OPENING EXPENSES - The Company, pursuant to Statement of Position 98-5 ("SOP 98-5"), "Reporting on the Costs of Start-Up Activities," expenses all start-up and pre-opening costs as incurred. The cumulative effect of this accounting change was approximately \$120,000 for the year ended January 3, 1999. This accounting standard accelerates the Company's recognition of pre-opening costs, but benefits the post-opening results of new restaurants.

RECOVERABILITY OF PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS - The Company evaluates long-lived assets to be held and used in the business for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment is determined by comparing estimated non-discounted future operating cash flows to the carrying amounts of assets. If an impairment exists, the amount of impairment is measured as the excess of the assets carrying amount less the sum of the estimated discounted future operating cash flows of such asset and the expected proceeds upon sale of the asset. Assets held for sale are reported at the lower of carrying amount or fair value less estimated costs to sell. During the years ended December 31, 2000, January 2, 2000 and January 3, 1999, the Company recorded charges of \$0, \$5,513,000 and \$1,588,000 respectively related to impairment of long-lived assets.

INCOME TAXES - The Company utilizes the liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between the financial statement and income tax reporting bases of assets and liabilities.

STOCK-BASED COMPENSATION - In accordance with APB Opinion No. 25, the Company uses the intrinsic value-based method for measuring stock-based compensation cost which measures compensation cost as the excess, if any, of the quoted market price of the Company's common stock at the grant date over the amount the employee must pay for the stock. The Company's policy is to grant stock options at fair value at the date of grant. Required pro forma disclosures of compensation expense determined under the fair value method of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," are presented in Note 11.

NET INCOME (LOSS) PER SHARE - Basic net income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding for the reporting period. Diluted net income (loss) per share is computed by dividing net income (loss) by the sum of the weighted average number of shares of common stock outstanding plus all additional common stock that would have been outstanding if potentially dilutive common shares related to stock options had been issued. Weighted average common shares outstanding - diluted includes approximately 596,000 dilutive securities for the year ended December 31, 2000. Dilutive common equivalent shares have not been included in the computation of diluted net income (loss) per share for the years ended January 2, 2000 and January 3, 1999 because their inclusion would be anti-dilutive.

MANAGEMENT'S USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FINANCIAL INSTRUMENTS - The carrying amounts for all financial instruments approximates fair value. The carrying amounts for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair

value because of the short maturity of these instruments. The fair value of capital lease obligations and long-term debt approximates the carrying amounts based upon the Company's expected borrowing rate for debt with similar remaining maturities and comparable risk.

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FAMOUS DAVE'S OF AMERICA, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
 DECEMBER 31, 2000, JANUARY 2, 2000 AND JANUARY 3, 1999

FRANCHISE ARRANGEMENTS - Individual franchise arrangements generally include a license and initial fees, as well as royalty fees to the Company based upon a percentage of sales. Famous Dave's franchisees are granted the right to operate a restaurant using the Company's system for a range of ten to twenty years. Franchisees pay related occupancy costs including property taxes, insurance and maintenance. Franchisees pay a non-refundable initial fee for each franchised location. The amount of non-refundable initial fees for the year ended December 31, 2000 was \$568,500. Royalty fee income was approximately \$335,000, \$54,000 and \$20,000 for the years ended December 31, 2000, January 2, 2000 and January 3, 1999, respectively.

LICENSING AGREEMENTS - The Company has a licensing agreement for its retail products that expires in April 2010 with a renewal option of five years. Licensing royalty income for fiscal year 2000 was \$64,000.

RECLASSIFICATIONS - Certain accounts in the prior years' consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current year consolidated financial statements. These reclassifications had no effect on net loss or shareholders' equity.

(2) ACQUISITIONS

On September 30, 2000, the Company completed the acquisition of two restaurants formerly known as Timber Lodge Steakhouse. The total purchase price was approximately \$1,676,000 which included the issuance of common stock. The purchase price was allocated to the acquired assets based on the estimated fair values as of the acquisition date. These restaurants were converted to Famous Dave's, and the operating results are included in the Company's consolidated results of operations from the date of acquisition.

On December 31, 1999, the Company completed the acquisition of four restaurants known as Red River Barbeque & Grille and assumed certain liabilities. The total purchase price was approximately \$2,868,000 which was comprised of assumption of certain liabilities and issuance of common stock and warrants. The purchase price was allocated to assets and liabilities based on the estimated fair values as of the acquisition date. The operations of the restaurants are included in the Company's consolidated results of operations from the date of acquisition.

(3) INVENTORIES

Inventories consisted approximately of the following at:

	December 31, 2000	January 2, 2000
	-----	-----
Food and beverage	\$ 496,000	\$ 285,000
Retail goods	898,000	823,000
	-----	-----
	\$ 1,394,000	\$ 1,108,000
	=====	=====

(4) NOTES RECEIVABLE

The Company has notes receivable totaling \$889,000 due to the Company at December 31, 2000 from the sale of former restaurants. The notes are secured by the assets and due in monthly installments of approximately \$13,000 including interest ranging from 9.6% to 12% through May 2010. Future principal payments to be received for the next five years are approximately \$57,000, \$64,000, \$71,000, \$79,000 and \$88,000.

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FAMOUS DAVE'S OF AMERICA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2000, JANUARY 2, 2000 AND JANUARY 3, 1999

(5) PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment and leasehold improvements consisted of the following at (in thousands):

	December 31, 2000	January 2, 2000
	-----	-----
Land, buildings and improvements	\$ 39,595	\$ 31,862
Furniture, fixtures and equipment	15,627	12,508
Antiques	1,762	1,387
Less: accumulated depreciation and amortization	9,778	6,401
Less: reserve for loss on restaurants to be disposed of	1,632	1,738
Less: reserve for loss on other capital items	100	100
	-----	-----
	45,474	37,518
Construction in progress	578	1,224
	-----	-----
	\$ 46,052	\$ 38,742
	=====	=====

(6) LINE OF CREDIT

The Company has a revolving line of credit with Associated Commercial Finance, Inc. (formerly known as BNC Financial Corporation) with maximum borrowings at December 31, 2000 and January 2, 2000 of approximately \$1,680,000 and \$3,131,000 of which approximately \$544,000 and \$3,050,000 was outstanding at December 31, 2000 and January 2, 2000. Advances are due upon demand and accrue interest at the prime rate plus 4% (13.50% at December 31, 2000) payable monthly. The line of credit is secured by certain of the Company's assets and is personally guaranteed (and partially secured) by the Chairman of the Company. The agreement expires on April 30, 2002. The agreement is subject to certain covenants as described in the agreement.

(7) LONG-TERM DEBT

Long-term debt consisted of the following (approximately) at:

	December 31, 2000	January 2, 2000
	-----	-----
Note payable - FFCA Acquisition Corporation - monthly installments of approximately \$20,000 including interest at 10.53%, due February 2020, secured by property and equipment.	\$ 1,974,000	\$ 0
Note payable - FFCA Acquisition Corporation - monthly installments of approximately \$19,000 including interest at 10.19%, due September 2020, secured by property and equipment.	1,893,000	0
Note payable - FFCA Acquisition Corporation - monthly installments of		

approximately \$18,000 including interest at 10.53%, due February 2020, secured by property and equipment.

1,777,000 0

Note payable - FFCA Acquisition Corporation - monthly installments of approximately \$16,000 including interest at 10.19%, due September 2020, secured by property and equipment.

1,594,000 0

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FAMOUS DAVE'S OF AMERICA, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
 DECEMBER 31, 2000, JANUARY 2, 2000 AND JANUARY 3, 1999

	December 31, 2000 -----	January 2, 2000 -----
Note payable - S&D Land Holdings, Inc. - installments of approximately \$50,000 due January 2001, \$100,000 due February 2001, and \$250,000 due July 2001 and January 2002 including interest at 12%, due January 2002, unsecured.	\$ 650,000	\$ 0
Note payable - Santa Barbara Restaurant Group, Inc. - monthly installments of approximately \$10,000 including interest at 10%, due October 2007, secured by property and equipment.	590,000	0
Note payable - Meridian Financial Corporation - monthly installments of approximately \$16,000 including interest at 12.5%, due September 2004, secured by equipment.	554,000	0
Note payable - Suntrust Bank - monthly installments of approximately \$15,000 including interest at 9.25%, due September 2002, secured by property and equipment.	298,000	0
	-----	-----
Total long-term debt	9,330,000	0
Less: current portion	886,000	0
	-----	-----
Long-term debt, net	\$ 8,444,000	\$ 0
	=====	=====

Future maturities of long-term debt are approximately as follows for the years ending:

2001	\$ 886,000
2002	734,000
2003	391,000
2004	372,000
2005	280,000
Thereafter	6,667,000

Total	\$ 9,330,000
	=====

(8) FINANCING LEASE OBLIGATION

In March 1999, the Company executed a \$4.5 million sale and leaseback financing involving three existing restaurants. Under this financing, the Company is obligated to make monthly payments of \$41,250 (which increases 4.04% every two years) for a minimum of twenty years. The Company has the option to purchase the leased restaurants for the greater of \$4.5 million or fair market value at the date of purchase at any time or renew the lease for two additional five year terms. Based upon the Company's continued involvement in the leased property and its purchase option, the transaction has been accounted for as a financing arrangement. Accordingly, the three existing restaurants are included in property, equipment and leasehold improvements and are being depreciated, and the monthly payments are accounted for as interest expense in the consolidated statements of operations.

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FAMOUS DAVE'S OF AMERICA, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
 DECEMBER 31, 2000, JANUARY 2, 2000 AND JANUARY 3, 1999

Future minimum payments due under the financing lease obligation are as follows for the years ending (in thousands):

2001	\$	515
2002		515
2003		536
2004		536
2005		557
Thereafter		16,234

Total	\$	18,893
		=====

(9) CAPITAL LEASE OBLIGATIONS

The Company has lease financing facilities for furniture, equipment and leasehold improvements. Leases outstanding under this agreement bear interest at rates of approximately 5% to 15% and expire through September 2004. The obligations are secured by the property under lease. Total cost and accumulated amortization of the leased equipment was approximately \$2,163,000 and \$1,190,000 at December 31, 2000 and \$2,689,000 and \$861,000 at January 2, 2000.

Future minimum lease payments are as follows for the fiscal years ending (in thousands):

2001	\$	465
2002		178
2003		27
2004		10

Total		680
Less: amounts representing interest		57

Present value of future minimum lease payments		623
Less: current portion		420

Capital lease obligations, net of current portion	\$	203
		=====

(10) RELATED PARTY TRANSACTIONS

S&D LAND HOLDINGS, INC. - S&D Land Holdings, Inc. (S&D) is a company wholly owned by the Chairman of the Company. The Company rents various properties from

S&D. The Company paid S&D rent of approximately \$202,000, \$293,000 and \$318,000 for the years ended December 31, 2000, January 2, 2000 and January 3, 1999, respectively. The Company owed S&D approximately \$372,000 at December 31, 2000 and January 2, 2000. During 2000, the Company purchased the land of a restaurant location for a note payable of \$750,000 of which \$650,000 was outstanding at December 31, 2000.

GRAND PINES RESORTS, INC. - Grand Pines Resorts, Inc. (Grand Pines) is a company wholly owned by the Chairman of the Company. Through 1999, the Company charged Grand Pines a royalty of 4% of its food sales. Royalty income was approximately \$62,000 for the each of the years ended January 2, 2000 and January 3, 1999. At December 31, 2000 and January 2, 2000, Grand Pines owed the Company \$0 and \$142,000 for royalties and other expenses.

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FAMOUS DAVE'S OF AMERICA, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
 DECEMBER 31, 2000, JANUARY 2, 2000 AND JANUARY 3, 1999

(11) SHAREHOLDERS' EQUITY

ISSUANCE OF COMMON STOCK AND WARRANTS - During the year ended December 31, 2000, the Company purchased four restaurants. The purchases were completed in part through the issuance of approximately 231,000 shares of common stock ranging in value from \$3.41 to \$3.50 per share.

On December 31, 1999, the Company completed the acquisition of four restaurants known as Red River Barbeque & Grille. The purchase was completed in part through the issuance of 211,389 shares of common stock at \$2.03 per share, of which 40,000 common shares were issued to escrow. The transaction also included the issuance of 200,000 warrants valued at \$.55 each at exercise prices ranging from \$5.00 to \$7.00 expiring in December 2004.

At December 31, 2000, there were 230 stock warrants outstanding at an exercise price of \$9.10 per share expiring in October 2001.

STOCK OPTION PLANS - The Company has a 1995 Stock Option and Compensation Plan, 1997 Employee Stock Option Plan and a 1998 Director Stock Option Plan (the Plans), pursuant to which options and other awards to acquire an aggregate of 2,910,000 shares of the Company's common stock may be granted. Stock options, stock appreciation rights, restricted stock, other stock and cash awards may be granted under the Plans. In general, options vest over a period of five years and expire ten years from the date of grant.

Had compensation cost for the Company's stock options been determined based on the fair value at the grant dates consistent with the method of Statement of Financial Accounting Standards No. 123 "Accounting for Stock Based Compensation" (Statement 123), the Company's net income (loss) and income (loss) per share would have been changed to the proforma amounts indicated below (in thousands, except per share data):

	Fiscal 2000 -----	Fiscal 1999 -----	Fiscal 1998 -----
Net income (loss):			
As reported	\$ 2,112	\$ (6,610)	\$ (4,829)
Pro forma	\$ (107)	\$ (8,240)	\$ (6,129)
Basic net income (loss) per share:			
As reported	\$.23	\$ (.75)	\$ (.55)
Pro forma	\$ (.01)	\$ (.93)	\$ (.70)
Diluted net income (loss) per share:			

As reported	\$.22	\$ (.75)	\$ (.55)
Pro forma	\$ (.01)	\$ (.93)	\$ (.70)

Information regarding the Company's stock options is summarized below:

	Number of Options (in thousands)	Weighted Average Exercise Price
	-----	-----
Options outstanding - January 2, 1998	1,073	\$ 7.34
Granted	381	2.00
Canceled or expired	(280)	7.51
Exercised	(170)	4.66
	-----	-----
Options outstanding - January 3, 1999	1,004	\$ 1.81

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FAMOUS DAVE'S OF AMERICA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
DECEMBER 31, 2000, JANUARY 2, 2000 AND JANUARY 3, 1999

Granted	928	\$ 2.40
Canceled or expired	(214)	2.16
Exercised	(6)	1.19
	-----	-----
Options outstanding - January 2, 2000	1,712	2.14
Granted	740	2.97
Canceled or expired	(118)	2.11
Exercised	(43)	1.96
	-----	-----
Options outstanding - December 31, 2000	2,291	\$ 2.42
	=====	=====
Options exercisable - December 31, 2000	1,257	\$ 2.18
	=====	=====
Weighted average fair value of options granted during the year ended December 31, 2000		\$ 2.51
		=====

Options outstanding at December 31, 2000 have an exercise price ranging between \$1.00 and \$5.00 and a weighted average remaining contractual life of 8.12 years.

In determining the compensation cost of the options granted during fiscal 2000, 1999 and 1998, as specified by Statement 123, the fair value of each option grant has been estimated on the date of grant using the Black-Scholes option pricing model and the weighted average assumptions used in these calculations are summarized below:

	Fiscal 2000	Fiscal 1999	Fiscal 1998
	-----	-----	-----
Risk free interest rate	6%	6%	7%
Expected life of options granted	10 years	10 years	10 years
Expected volatility range	78.7%	58.7-66.2%	112.4%
Expected dividend yield	0%	0%	0%

The Company has generated net operating losses of approximately \$10,970,000 which, if not used, will begin to expire in 2011 and tax credit carryforwards of approximately \$585,000 which, if not used, will begin to expire in 2011. Future changes in the ownership of the Company may place limitations on the use of these net operating loss carryforwards.

The Company has recorded a full valuation allowance against its deferred tax asset due to the uncertainty of realizing the related benefits as follows (in thousands):

	December 31, 2000	January 2, 2000
	-----	-----
Net operating loss carryforwards	\$ 4,065	\$ 4,365
Property and equipment basis difference	1,175	1,640
Tax credit carryovers	585	310
Other	40	223
Less: valuation allowance	5,865	6,538
	-----	-----
Net deferred tax asset	\$ 0	\$ 0
	=====	=====

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FAMOUS DAVE'S OF AMERICA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
DECEMBER 31, 2000, JANUARY 2, 2000 AND JANUARY 3, 1999

(13) SUPPLEMENTAL CASH FLOWS INFORMATION (IN THOUSANDS):

	Fiscal 2000	Fiscal 1999	Fiscal 1998
	-----	-----	-----
Cash paid for interest	\$ 1,167	\$ 446	\$ 146
Cash paid for income taxes	\$ 40	\$ 0	\$ 0
Non-cash investing and financing activities:			
Property, equipment and leasehold improvements purchased with notes payable	\$ 1,700	\$ 0	\$ 0
Common stock issued in connection with restaurants	\$ 807	\$ 430	\$ 0
Capital lease obligation refinanced with note payable	\$ 593	\$ 0	\$ 0
Notes receivable in connection with sale of restaurants, net of deferred gain recorded	\$ 526	\$ 0	\$ 0
Property and equipment acquired with accrued expenses	\$ 70	\$ 0	\$ 0
Common stock issued for accounts payable	\$ 57	\$ 0	\$ 0
Equipment purchased under capital lease obligations	\$ 33	\$ 45	\$ 0
Accounts payable assumed in connection with restaurants acquired	\$ 0	\$1,299	\$ 0
Capital lease obligations assumed in connection with restaurants acquired	\$ 0	\$ 576	\$ 0
Accrued expenses assumed in connection with restaurants acquired	\$ 0	\$ 375	\$ 0
Common stock warrants issued in connection with restaurants acquired	\$ 0	\$ 110	\$ 0

(14) RETIREMENT SAVINGS PLAN

The Company has a pre-tax salary reduction/profit sharing plan under the provisions of Section 401(k) of the Internal Revenue Code which covers employees meeting certain eligibility requirements. Profit sharing contributions by the Company are completely discretionary. Company contributions were approximately \$35,000, \$31,000 and \$30,000 for the years ended December 31, 2000, January 2, 2000 and January 3, 1999, respectively.

(15) COMMITMENTS AND CONTINGENCIES

OPERATING LEASES - The Company has entered into various operating leases for its existing and future restaurants and corporate office space with lease terms ranging from three to thirty years including lease options. Three of the leases require percentage rent of between 4% and 6% of annual gross sales for the restaurants in excess of \$2,500,000, and above a natural breakeven point, in addition to the base rent. All of these leases contain provisions for payments of real estate taxes, insurance and common area costs. Total rent expense for the years ended December 31, 2000, January 2, 2000 and January 3, 1999, including common area costs, real estate taxes and percentage rent, was approximately \$3,686,000, \$2,400,000 and \$1,866,000, respectively. Percentage rent was \$95,000, \$98,000 and \$91,000 for the years ended December 31, 2000, January 2, 2000 and January 3, 1999, respectively.

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FAMOUS DAVE'S OF AMERICA, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
 DECEMBER 31, 2000, JANUARY 2, 2000 AND JANUARY 3, 1999

Future minimum rental payments (excluding percentage rents) are as follows for the years ending (in thousands):

2001	\$	2,736
2002		2,823
2003		2,760
2004		2,782
2005		2,853
Thereafter		34,081

Total	\$	48,035
		=====

LEGAL PROCEEDINGS - The Company is involved in legal actions in the ordinary course of its business. Although the outcome of any such legal actions cannot be predicted, management believes that there is no pending legal proceedings against or involving the Company for which the outcome is likely to have a material adverse effect upon the Company's financial position or results of operations.

EMPLOYMENT AGREEMENT - At December 31, 2000, the Company had an employment agreement with one of its officers. The agreement requires minimum annual compensation of \$450,000 and has a term of three years. The agreement requires a one-year severance payment and \$200,000. The severance payment requires a resulting two year non-compete.

CONSTRUCTION AND DEVELOPMENT CONTRACTS - In conjunction with its expansion activity, the Company enters into fixed price construction contracts from time to time. The balance remaining to be paid under these contracts was approximately \$705,000 and \$1,129,000 at December 31, 2000 and January 2, 2000.

(16) SUBSEQUENT EVENT (UNAUDITED)

During January 2001, the Company entered into a lease facility commitment. This commitment will expire in December 2001, and provides up to \$2,500,000 of equipment financing. During the first quarter of fiscal 2001, approximately \$937,000 of this financing was utilized.

(17) SELECTED QUARTERLY DATA (UNAUDITED) (IN THOUSANDS):

	Quarters During the Year Ended December 31, 2000			
	April 2	July 2	October 1	December 31
Revenues, net	\$15,091	\$ 18,354	\$ 18,994	\$ 17,721
Income from operations	\$ 262	\$ 797	\$ 880	\$ 642
Net income	\$ 51	\$ 1,104	\$ 624	\$ 333
Diluted net income per common share	\$ 0.01	\$ 0.11	\$ 0.06	\$ 0.03

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FAMOUS DAVE'S OF AMERICA, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
 DECEMBER 31, 2000, JANUARY 2, 2000 AND JANUARY 3, 1999

	Quarters During the Year Ended January 2, 2000			
	April 4	July 4	October 3	January 2
Revenues, net	\$ 10,388	\$ 12,647	\$ 12,707	\$ 11,887
Income (loss) from operations	\$ (312)	\$ (243)	\$ 328	\$ (5,996)
Net income (loss)	\$ (316)	\$ (292)	\$ 137	\$ (6,139)
Diluted net income (loss) per common share	\$ (.04)	\$ (.03)	\$.02	\$ (.70)

	Quarters During the Year Ended January 3, 1999			
	March 29	June 28	September 27	January 3
Revenues, net	\$ 7,734	\$ 10,925	\$ 10,916	\$ 11,186
Income (loss) from operations	\$ (4,394)	\$ (368)	\$ 101	\$ (336)
Net income (loss)	\$ (4,379)	\$ (310)	\$ 134	\$ (274)
Basic and diluted net income (loss) per common share	\$ (.50)	\$ (.04)	\$.02	\$ (.03)

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EXHIBIT NO.	DESCRIPTION	PAGE NO.
3.1	Articles of Incorporation, incorporated by reference from Exhibit 3.1 to our Registration Statement on Form SB-2 (File No. 333-10675) filed with the Securities and Exchange Commission on August 23, 1996	
3.2	Bylaws, incorporated by reference from Exhibit 3.2 to the Registration Statement on Form SB-2 (File No. 333-10675) filed on August 23, 1996	

- 10.1 Lease Agreement dated as of January 1, 1996 by and between S&D Land Holdings, Inc. and Famous Dave's of Minneapolis, Inc. (Linden Hills), incorporated by reference from Exhibit 10.1 to the Registration Statement on Form SB-2 (File No. 333-10675) filed on August 23, 1996
- 10.2 Lease Agreement dated as of January 1, 1996 by and between S&D Land Holdings, Inc. and Famous Dave's of Minneapolis, Inc. (Highland Park), incorporated by reference from Exhibit 10.2 to the Registration Statement on Form SB-2 (File No. 333-10675) filed on August 23, 1996
- 10.3 Sublease Agreement dated as of January 1, 1996 by and between S&D Land Holdings, Inc. and Famous Dave's of Minneapolis, Inc. (Roseville), incorporated by reference from Exhibit 10.4 to the Registration Statement on Form SB-2 (File No. 333-10675) filed on August 23, 1996
- 10.4 Trademark License Agreement between Famous Dave's of America, Inc. and Grand Pines Resorts, Inc., incorporated by reference from Exhibit 10.11 to the Registration Statement on Form SB-2 (File No. 333-10675) filed on August 23, 1996
- 10.5 1998 Director Stock Option Plan
- 10.6 Employment Agreement dated as of July 1, 1999 between Famous Dave's of America, Inc. and Martin J. O'Dowd, incorporated by reference from

Exhibit 10.2 to Form 10-QSB filed August 18, 1999
- 10.7 Agreement, dated as of January 21, 2000, by and between S&D Land Holdings, Inc., Grand Pines Resorts, Inc. and Famous Dave's of America, Inc., incorporated by reference from Exhibit 10.19 to Form 10-Q filed May 16, 2000

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EXHIBIT NO. -----	DESCRIPTION -----	PAGE NO. -----
10.8	Promissory Note, dated January 21, 2000, by Famous Dave's of America, Inc. and payable to S&D Land Holdings, Inc., in the initial principal amount of \$750,000, incorporated by reference from Exhibit 10.20 to Form 10-Q filed May 16, 2000	
10.9	Loan Agreement, dated as of January 21, 2000, by and between FFCA Acquisition Corporation and MinWood Partners, Inc., incorporated by reference from Exhibit 10.21 to Form 10-Q filed May 16, 2000	
10.10	Master Lease, dated as of January 21, 2000, by and between MinWood Partners, Inc. and Famous Dave's of America, Inc., incorporated by reference from Exhibit 10.22 to Form 10-Q filed May 16, 2000	
10.11	1997 Employee Stock Option Plan (as amended through March 1, 2000)	
10.12	1995 Stock Option and Compensation Plan (as amended through June 15, 2000)	
10.13	Loan Agreement, dated as of August 4, 2000, by and between FFCA Funding Corporation and FDA Properties, Inc.	
10.14	Master Lease, dated as of August 4, 2000, by and between FDA Properties, Inc. and Famous Dave's of America, Inc.	
21	Subsidiaries of Famous Dave's of America, Inc.	
23	Consent of Virchow, Krause & Company, LLP	

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FAMOUS DAVE'S OF AMERICA, INC.

1998 DIRECTOR STOCK OPTION PLAN
(as adopted June 11, 1998)

1. PURPOSE. The purpose of the Famous Dave's of America, Inc. 1998 Director Stock Option Plan (the "Plan") is to advance the interests of Famous Dave's of America, Inc. (the "Company") and its shareholders by encouraging share ownership by members of the Board of Directors of the Company (the "Board") who are not employees of the Company or any of its subsidiaries, in order to promote long-term shareholder value through continuing ownership of the Company's Common Stock.

2. ADMINISTRATION. The Plan shall be administered by the Board. The Board shall have all the powers vested in it by the terms of the Plan, such powers to include authority (within the limitations described herein) to prescribe the form of the agreement embodying awards of nonqualified stock options made under the Plan ("Options"). The Board shall, subject to the provisions of the Plan, grant Options under the Plan and shall have the power to construe the Plan, to determine all questions arising thereunder and to adopt and amend such rules and regulations for the administration of the Plan as it may deem desirable. Any decisions of the Board in the administration of the Plan, as described herein, shall be final and conclusive. The Board may act only by a majority of its members in office, except that the members thereof may authorize any one or more of their number or any other officer of the Company to execute and deliver documents on behalf of the Board. No member of the Board shall be liable for anything done or omitted to be done by him or by any other member of the Board in connection with the Plan, except for his own willful misconduct or as expressly provided by statute.

3. PARTICIPATION. Each member of the Board who is not an employee of the Company or any of its subsidiaries (a "Non-Employee Director") shall be eligible to receive an Option in accordance with Paragraph 5 below.

4. AWARDS UNDER THE PLAN.

(a) Awards under the Plan shall include only Options, which are rights to purchase Common Stock of the Company, having \$.01 par value (the "Common Stock"). Such Options are subject to the terms, conditions and restrictions specified in Paragraph 5 below.

(b) There may be issued under the Plan pursuant to the exercise of Options an aggregate of not more than 250,000 shares of Common Stock, subject to adjustment as provided in Paragraph 6 below. If any Option is canceled, terminates or expires unexercised, in whole or in part, any shares of Common Stock that would otherwise have been issuable pursuant thereto will be available for issuance under new Options.

(c) A Non-Employee Director to whom an Option is granted (and any person succeeding to such a Non-Employee Director's rights pursuant to the Plan) shall have no rights as a shareholder with respect to any Common Stock issuable pursuant to any such Option until the date of the issuance of a stock certificate to him for such shares. Except as provided in Paragraph 6 below, no

adjustment shall be made for dividends, distributions or other rights (whether ordinary or extraordinary, and whether in cash, securities or other property) for which the record date is prior to the date such stock

certificate is issued.

5. NONQUALIFIED STOCK OPTIONS. Each Option granted under the Plan shall be evidenced by an agreement in such form as the Board shall prescribe from time to time in accordance with the Plan and shall comply with the following terms and conditions:

(a) The Option exercise price shall be the "Fair Market Value" (as herein defined) of the Common Stock subject to such Option on the date the Option is granted. Fair Market Value shall be the closing sales price of a share of Common Stock on the date of grant as reported on the Nasdaq Market or, if the Nasdaq Market is closed on that date, on the last preceding date on which the Nasdaq Market was open for trading, but in no event will such Option exercise price be less than the par value of the Common Stock.

(b) The Board shall determine the number of shares of Common Stock subject to each Option granted to Non-Employee Directors and, subject to Section 5(d) hereof, the vesting schedule of each such Option. Notwithstanding the foregoing, once such Options become outstanding, a Non-Employee Director will still be entitled to the anti-dilution adjustments provided for in Section 6 hereof.

(c) The Option shall not be transferable by the optionee otherwise than by will or the laws of descent and distribution, and shall be exercisable during his lifetime only by him.

(d) Options shall not be exercisable:

(i) except pursuant to the vesting schedule established by the Board of Directors and after the expiration of ten years from the date it is granted. Notwithstanding anything to the contrary herein, an Option shall automatically become immediately exercisable in full: (i) upon the removal of the Non-Employee Director from the Board without cause; or (ii) in the event of a "change in control" of the Company, as defined in any existing agreements between the Company and its senior officers.

(ii) unless payment in full is made for the shares of Common Stock being acquired thereunder at the time of exercise, such payment shall be made in United States dollars by cash or check, or in lieu thereof, by tendering to the Company Common Stock owned by the person exercising the Option and having a Fair Market Value equal to the cash exercise price applicable to such Option, or by a combination of United States dollars and Common Stock as aforesaid; and

(iii) unless the person exercising the Option has been at all times during the period beginning with the date of grant of the Option and ending on the date of such exercise, a Non-Employee Director of the Company, except that

(A) if such person shall cease to be such a Non-Employee Director for reasons other than death, while holding an Option that has not expired and has not been fully exercised, such person may, at any time within three years of the date he ceased to be a Non-Employee Director (but in no event after the

Common Stock as to which he could have exercised on the date he ceased to be such a Non-Employee Director; or

(B) if any person to whom an Option has been granted shall die holding an Option that has not expired and has not been fully exercised, his executors, administrators, heirs or distributees, as the case may be, may, at any time within one year after the date of such death (but in no event after the Option has expired under the provisions of subparagraph 5(d)(i) above), exercise the Option with respect to any shares subject to the Option.

6. DILUTION AND OTHER ADJUSTMENTS. In the event of any change in the outstanding Common Stock of the Company by reason of any stock split, stock dividend, split-up, split-off, spin-off, recapitalization, merger, consolidation, rights offering, reorganization, combination or exchange of shares, a sale by the Company of substantially all of its assets, any distribution to shareholders other than a normal cash dividend, or other extraordinary or unusual event, the number or kind of shares that may be issued under the Plan pursuant to subparagraph 4(b) above, and the number or kind of shares subject to, and the Option price per share under, all outstanding Options shall be automatically adjusted so that the proportionate interest of the participant shall be maintained as before the occurrence of such event; such adjustment in outstanding Options shall be made without change in the total Option exercise price applicable to the unexercised portion of such Options and with a corresponding adjustment in the Option exercise price per share, and such adjustment shall be conclusive and binding for all purposes of the Plan.

7. MISCELLANEOUS PROVISIONS.

(a) Except as expressly provided for in the Plan, no Non-Employee Director or other person shall have any claim or right to be granted an Option under the Plan. Neither the Plan nor any action taken hereunder shall be construed as giving any Non-Employee Director any right to be retained in the service of the Company.

(b) A participant's rights and interest under the Plan may not be assigned or transferred, hypothecated or encumbered in whole or in part either directly or by operation of law or otherwise (except in the event of a participant's death, by will or the laws of descent and distribution), including, but not by way of limitation, execution, levy, garnishment, attachment, pledge, bankruptcy or in any other manner, and no such right or interest of any participant in the Plan shall be subject to any obligation or liability of such participant.

(c) Common Stock shall not be issued hereunder unless counsel for the Company shall be satisfied that such issuance will be in compliance with applicable federal, state, local and foreign securities, securities exchange and other applicable laws and requirements.

(d) It shall be a condition to the obligation of the Company to issue Common Stock upon exercise of an Option, that the participant (or any beneficiary or person entitled to act under subparagraph 5(d)(iii)(B) above) pay to the Company, upon its demand, such amount as may be requested by the Company for the purpose of satisfying any liability to withhold federal, state, local or foreign income or other taxes. If the amount requested is not paid, the Company may refuse to issue such Common Stock.

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(e) The expenses of the Plan shall be borne by the Company.

(f) By accepting any Option or other benefit under the Plan, each participant and each person claiming under or through him shall be conclusively deemed to have indicated his acceptance and ratification of, and consent to, any action taken under the Plan by the Company or

the Board.

(g) The appropriate officers of the Company shall cause to be filed any reports, returns or other information regarding Options hereunder or any Common Stock issued pursuant hereto as may be required by Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, or any other applicable statute, rule or regulation.

8. AMENDMENT OR DISCONTINUANCE. The Plan may be amended at any time and from time to time by the Board as the Board shall deem advisable; provided, however, that no amendment shall become effective without shareholder approval if such shareholder approval is required by law, rule or regulation, and in no event shall the Plan be amended more than once every six months, other than to comport with changes in the Internal Revenue Code of 1986, as amended, the Employee Retirement Income Security Act or the rules thereunder. No amendment of the Plan shall materially and adversely affect any right of any participant with respect to any Option theretofore granted without such participant's written consent.

9. TERMINATION. This Plan shall terminate upon the earlier of the following dates or events to occur upon the adoption of a resolution of the Board terminating the Plan or ten years from the date the Plan is initially approved and adopted by the shareholders of the Company. No termination of the Plan shall materially and adversely affect any of the rights or obligations of any person, without his consent, under any Option theretofore granted under the Plan.

10. EFFECTIVE DATE OF PLAN. The Plan will become effective on the date that it is approved by the affirmative vote of the holders of the greater of (a) a majority of the outstanding shares of Common Stock of the Company present and entitled to vote or (b) a majority of the voting power of the minimum number of shares entitled to vote that would constitute a quorum for transaction of business at the Company's Annual Meeting of Shareholders.

FAMOUS DAVE'S OF AMERICA, INC.

1997 EMPLOYEE STOCK OPTION PLAN
(as amended through March 1, 2000)

1. Purpose. The purpose of the 1997 Employee Stock Option Plan (the "Plan") of Famous Dave's of America, Inc. (the "Company") is to increase shareholder value and to advance the interests of the Company by attracting, retaining and motivating employees of the Company by furnishing opportunities to purchase or receive shares of Common Stock, \$.01 par value, of the Company ("Common Stock") pursuant to the Plan.

2. Administration. The Plan shall be administered by the stock option committee (the "Committee") of the Board of Directors of the Company. The Committee shall consist of not less than two directors of the Company and shall be appointed from time to time by the Board of Directors of the Company. The Board of Directors of the Company may from time to time appoint members of the Committee in substitution for, or in addition to, members previously appointed, and may fill vacancies, however caused, in the Committee. The Committee shall select one of its members as its chairman and shall hold its meetings at such times and places as it shall deem advisable. A majority of the Committee's members shall constitute a quorum. All action of the Committee shall be taken by the majority of its members. Any action may be taken by a written instrument signed by majority of the members and actions so taken shall be fully effective as if it had been made by a majority vote at a meeting duly called and held. The Committee may appoint a secretary, shall keep minutes of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable. The Committee shall have complete authority to award Incentives under the Plan, to interpret the Plan, and to make any other determination which it believes necessary and advisable for the proper administration of the Plan. The Committee's decisions and matters relating to the Plan shall be final and conclusive on the Company and its participants.

3. Eligible Employees. Employees of the Company (excluding officers and directors of the Company) shall become eligible to receive Incentives under the Plan when designated by the Committee. Employees may be designated individually or by groups or categories (for example, by pay grade) as the Committee deems appropriate. Participation by others and any performance objectives relating to others may be approved by groups or categories (for example, by pay grade) and authority to designate participants who are not officers and to set or modify such targets may be delegated.

4. Types of Incentives. Incentives under the Plan may be granted in any one or a combination of the following forms: (a) incentive stock options and non-statutory stock options (section 6); (b) stock appreciation rights ("SARs") (section 7); (c) stock awards (section 8); (d) restricted stock (section 8); and (e) performance shares (section 9).

5. Shares Subject to the Plan.

5.1. Number of Shares. Subject to adjustment as provided in Section 10.6, the number of shares of Common Stock which may be issued under the Plan shall not exceed 700,000 shares of Common Stock.

5.2. Cancellation. To the extent that cash in lieu of shares of Common Stock is delivered upon the exercise of a SAR pursuant to

Section 7.4, the Company shall be deemed, for purposes of applying the limitation on the number of shares, to have issued the greater of the number of shares of Common Stock which it was entitled to issue upon such exercise or on the exercise of any related option. In the event that a stock option or SAR granted hereunder expires or is terminated or canceled unexercised as to any shares of Common Stock, such shares may again be issued under the Plan either pursuant to stock options, SARs or otherwise. In the event that shares of Common Stock are issued as restricted stock or pursuant to a stock award and thereafter are forfeited or reacquired by the Company pursuant to rights reserved upon issuance thereof, such forfeited and reacquired shares may again be issued under the Plan, either as restricted stock, pursuant to stock awards or otherwise. The Committee may also determine to cancel, and agree to the cancellation of, stock options in order to make a participant eligible for the grant of a stock option at a lower price than the option to be canceled.

5.3. Type of Common Stock. Common Stock issued under the Plan in connection with stock options, SARs, performance shares, restricted stock or stock awards, may be authorized and unissued shares.

6. Stock Options. A stock option is a right to purchase shares of Common Stock from the Company. Each stock option granted by the Committee under this Plan shall be subject to the following terms and conditions:

6.1. Price. The option price per share shall be determined by the Committee, subject to adjustment under Section 10.6.

6.2. Number. The number of shares of Common Stock subject to the option shall be determined by the Committee, subject to adjustment as provided in Section 10.6. The number of shares of Common Stock subject to a stock option shall be reduced in the same proportion that the holder thereof exercises a SAR if any SAR is granted in conjunction with or related to the stock option.

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6.3. Duration and Time for Exercise. Subject to earlier termination as provided in Section 10.4, the term of each stock option shall be determined by the Committee but shall not exceed ten years and one day from the date of grant. Each stock option shall become exercisable at such time or times during its term as shall be determined by the Committee at the time of grant. No stock option may be exercised during the first six months of its term. Except as provided by the preceding sentence, the Committee may accelerate the exercisability of any stock option. Subject to the foregoing and with the approval of the Committee, all or any part of the shares of Common Stock with respect to which the right to purchase has accrued may be purchased by the Company at the time of such accrual or at any time or times thereafter during the term of the option.

6.4. Manner of Exercise. A stock option may be exercised, in whole or in part, by giving written notice to the Company, specifying the number of shares of Common Stock to be purchased and accompanied by the full purchase price for such shares. The option price shall be payable in United States dollars upon exercise of the option and may be paid by cash; uncertified or certified check; bank draft; by delivery of shares of Common Stock in payment of all or any part of the option price, which shares shall be valued for this purpose at the Fair Market Value on the date such option is exercised; by instructing the Company to withhold from the shares of Common Stock issuable upon exercise of the stock option shares of Common Stock in payment of all or any part of the option price, which shares shall be valued for this purpose at the Fair Market Value or in such other manner as may be authorized from time to time by the Committee. Prior to the issuance of shares of

Common Stock upon the exercise of a stock option, a participant shall have no rights as a shareholder.

6.5. Incentive Stock Options. Notwithstanding anything in the Plan to the contrary, the following additional provisions shall apply to the grant of stock options which are intended to qualify as Incentive Stock Options (as such term is defined in Section 422 of the Internal Revenue Code of 1986, as amended):

(a) The aggregate Fair Market Value (determined as of the time the option is granted) of the shares of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any participant during any calendar year (under all of the Company's plans) shall not exceed \$100,000.

(b) Any Incentive Stock Option certificate authorized under the Plan shall contain such other provisions as the Committee shall deem advisable, but shall in all events be consistent with and contain all provisions required in order to qualify the options as Incentive Stock Options.

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(c) All Incentive Stock Options must be granted within ten years from the earlier of the date on which this Plan was adopted by Board of Directors or the date this Plan was approved by the shareholders.

(d) Unless sooner exercised, all Incentive Stock Options shall expire no later than 10 years after the date of grant.

(e) The option price for Incentive Stock Options shall be not less than the Fair Market Value of the Common Stock subject to the option on the date of grant.

(f) No Incentive Stock Options shall be granted to any participant who, at the time such option is granted, would own (within the meaning of Section 422 of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the employer corporation or of its parent or subsidiary corporation.

7. Stock Appreciation Rights. A SAR is a right to receive, without payment to the Company, a number of shares of Common Stock, cash or any combination thereof, the amount of which is determined pursuant to the formula set forth in Section 7.4. A SAR may be granted (a) with respect to any stock option granted under this Plan, either concurrently with the grant of such stock option or at such later time as determined by the Committee (as to all or any portion of the shares of Common Stock subject to the stock option), or (b) alone, without reference to any related stock option. Each SAR granted by the Committee under this Plan shall be subject to the following terms and conditions:

7.1. Number. Each SAR granted to any participant shall relate to such number of shares of Common Stock as shall be determined by the Committee, subject to adjustment as provided in Section 10.6. In the case of an SAR granted with respect to a stock option, the number of shares of Common Stock to which the SAR pertains shall be reduced in the same proportion that the holder of the option exercises the related stock option.

7.2. Duration. Subject to earlier termination as provided in Section 10.4, the term of each SAR shall be determined by the Committee but shall not exceed ten years and one day from the date of grant. Unless otherwise provided by the Committee, each SAR shall become

exercisable at such time or times, to such extent and upon such conditions as the stock option, if any, to which it relates is exercisable. No SAR may be exercised during the first twelve months of its term. Except as provided in the preceding sentence, the Committee may in its discretion accelerate the exercisability of any SAR.

7.3. Exercise. A SAR may be exercised, in whole or in part, by giving written notice to the Company, specifying the number of SARs which the holder wishes to exercise. Upon receipt of such written notice, the Company shall, within 90 days thereafter, deliver to the exercising holder certificates for the

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shares of Common Stock or cash or both, as determined by the Committee, to which the holder is entitled pursuant to Section 7.4.

7.4. Payment. Subject to the right of the Committee to deliver cash in lieu of shares of Common Stock, the number of shares of Common Stock which shall be issuable upon the exercise of a SAR shall be determined by dividing:

(a) the number of shares of Common Stock as to which the SAR is exercised multiplied by the amount of the appreciation in such shares (for this purpose, the "appreciation" shall be the amount by which the Fair Market Value of the shares of Common Stock subject to the SAR on the exercise date exceeds (1) in the case of a SAR related to a stock option, the purchase price of the shares of Common Stock under the stock option or (2) in the case of a SAR granted alone, without reference to a related stock option, an amount which shall be determined by the Committee at the time of grant, subject to adjustment under Section 10.6); by

(b) the Fair Market Value of a share of Common Stock on the exercise date.

In lieu of issuing shares of Common Stock upon the exercise of a SAR, the Committee may elect to pay the holder of the SAR cash equal to the Fair Market Value on the exercise date of any or all of the shares which would otherwise be issuable. No fractional shares of Common Stock shall be issued upon the exercise of a SAR; instead, the holder of the SAR shall be entitled to receive a cash adjustment equal to the same fraction of the Fair Market Value of a share of Common Stock on the exercise date or to purchase the portion necessary to make a whole share at its Fair Market Value on the date of exercise.

8. Stock Awards and Restricted Stock. A stock award consists of the transfer by the Company to a participant of shares of Common Stock, without other payment therefor, as additional compensation for services to the Company. A share of restricted stock consists of shares of Common Stock which are sold or transferred by the Company to a participant at a price determined by the Committee (which price shall be at least equal to the minimum price required by applicable law for the issuance of a share of Common Stock) and subject to restrictions on their sale or other transfer by the participant. The transfer of Common Stock pursuant to stock awards and the transfer and sale of restricted stock shall be subject to the following terms and conditions:

8.1. Number of Shares. The number of shares to be transferred or sold by the Company to a participant pursuant to a stock award or as restricted stock shall be determined by the Committee.

8.2. Sale Price. The Committee shall determine the price, if any, at which shares of restricted stock shall be sold to a participant, which may vary

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from time to time and among participants and which may be below the Fair Market Value of such shares of Common Stock at the date of sale.

8.3. Restrictions. All shares of restricted stock transferred or sold hereunder shall be subject to such restrictions as the Committee may determine, including, without limitation any or all of the following:

(a) a prohibition against the sale, transfer, pledge or other encumbrance of the shares of restricted stock, such prohibition to lapse at such time or times as the Committee shall determine (whether in annual or more frequent installments, at the time of the death, disability or retirement of the holder of such shares, or otherwise);

(b) a requirement that the holder of shares of restricted stock forfeit, or (in the case of shares sold to a participant) resell back to the Company at his cost, all or a part of such shares in the event of termination of his employment during any period in which such shares are subject to restrictions;

(c) such other conditions or restrictions as the Committee may deem advisable.

8.4. Escrow. In order to enforce the restrictions imposed by the Committee pursuant to Section 8.3, the participant receiving restricted stock shall enter into an agreement with the Company setting forth the conditions of the grant. Shares of restricted stock shall be registered in the name of the participant and deposited, together with a stock power endorsed in blank, with the Company. Each such certificate shall bear a legend in substantially the following form:

The transferability of this certificate and the shares of Common Stock represented by it are subject to the terms and conditions (including conditions of forfeiture) contained in the 1997 Employee Stock Option Plan of Famous Dave's of America, Inc. (the "Company"), and an agreement entered into between the registered owner and the Company. A copy of the Plan and the agreement is on file in the office of the secretary of the Company.

8.5. End of Restrictions. Subject to Section 10.5, at the end of any time period during which the shares of restricted stock are subject to forfeiture and restrictions on transfer, such shares will be delivered free of all restrictions to the participant or to the participant's legal representative, beneficiary or heir.

8.6. Shareholder. Subject to the terms and conditions of the Plan, each participant receiving restricted stock shall have all the rights of a shareholder with respect to shares of stock during any period in which such shares are subject to forfeiture and restrictions on transfer, including without limitation, the right to

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vote such shares. Dividends paid in cash or property other than Common Stock with respect to shares of restricted stock shall be paid to the participant currently.

9. Performance Shares. A performance share consists of an award which shall be paid in shares of Common Stock, as described below. The grant of performance share shall be subject to such terms and conditions as the Committee deems appropriate, including the following:

9.1. Performance Objectives. Each performance share will be subject to performance objectives for the Company or one of its operating units to be achieved by the end of a specified period. The number of performance shares granted shall be determined by the Committee and may be subject to such terms and conditions, as the Committee shall determine. If the performance objectives are achieved, each participant will be paid in shares of Common Stock or cash. If such objectives are not met, each grant of performance shares may provide for lesser payments in accordance with formulas established in the award.

9.2. Not Shareholder. The grant of performance shares to a participant shall not create any rights in such participant as a shareholder of the Company, until the payment of shares of Common Stock with respect to an award.

9.3. No Adjustments. No adjustment shall be made in performance shares granted on account of cash dividends which may be paid or other rights which may be issued to the holders of Common Stock prior to the end of any period for which performance objectives were established.

9.4. Expiration of Performance Share. If any participant's employment with the Company is terminated for any reason other than normal retirement, death or disability prior to the achievement of the participant's stated performance objectives, all the participant's rights on the performance shares shall expire and terminate unless otherwise determined by the Committee. In the event of termination of employment by reason of death, disability, or normal retirement, the Committee, in its own discretion may determine what portions, if any, of the performance shares should be paid to the participant.

10. General.

10.1. Effective Date. The Plan will become effective on June 24, 1997.

10.2. Duration. The Plan shall remain in effect until all Incentives granted under the Plan have either been satisfied by the issuance of shares of Common Stock or the payment of cash or been terminated under the terms of the Plan and all restrictions imposed on shares of Common Stock in connection with their issuance under the Plan have lapsed. No Incentives may be granted under the Plan after the tenth anniversary of the date the Plan is approved by the shareholders of the Company.

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10.3. Non-transferability of Incentives. No stock option, SAR, restricted stock or performance award may be transferred, pledged or assigned by the holder thereof (except, in the event of the holder's death, by will or the laws of descent and distribution to the limited extent provided in the Plan or in the Incentive) and the Company shall not be required to recognize any attempted assignment of such rights by any participant. During a participant's lifetime, an Incentive may be exercised only by him or by his guardian or legal representative.

10.4. Effect of Termination of Employment or Death. In the event that a participant ceases to be an employee of the Company for any reason, including death, any Incentives may be exercised or shall expire at such times as may be determined by the Committee.

10.5. Additional Condition. Notwithstanding anything in this Plan to the contrary: (a) the Company may, if it shall determine it necessary or desirable for any reason, at the time of award of any Incentive or the issuance of any shares of Common Stock pursuant to any Incentive, require the recipient of the Incentive, as a condition to the receipt thereof or to the receipt of shares of Common Stock issued

pursuant thereto, to deliver to the Company a written representation of present intention to acquire the Incentive or the shares of Common Stock issued pursuant thereto for his own account for investment and not for distribution; and (b) if at any time the Company further determines, in its sole discretion, that the listing, registration or qualification (or any updating of any such document) of any Incentive or the shares of Common Stock issuable pursuant thereto is necessary on any securities exchange or under any federal or state securities or blue sky law, or that the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with the award of any Incentive, the issuance of shares of Common Stock pursuant thereto, or the removal of any restrictions imposed on such shares, such Incentive shall not be awarded or such shares of Common Stock shall not be issued or such restrictions shall not be removed, as the case may be, in whole or in part, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company.

10.6. Adjustment. In the event of any merger, consolidation or reorganization of the Company with any other corporation or corporations, there shall be substituted for each of the shares of Common Stock then subject to the Plan, including shares subject to restrictions, options, or achievement of performance share objectives, the number and kind of shares of stock or other securities to which the holders of the shares of Common Stock will be entitled pursuant to the transaction. In the event of any recapitalization, stock dividend, stock split, combination of shares or other change in the Common Stock, the number of shares of Common Stock then subject to the Plan, including shares subject to restrictions, options or achievements of performance shares, shall be adjusted in proportion to the change in outstanding shares of Common Stock. In

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the event of any such adjustments, the purchase price of any option, the performance objectives of any Incentive, and the shares of Common Stock issuable pursuant to any Incentive shall be adjusted as and to the extent appropriate, in the discretion of the Committee, to provide participants with the same relative rights before and after such adjustment.

10.7. Incentive Plans and Agreements. Except in the case of stock awards or cash awards, the terms of each Incentive shall be stated in a plan or agreement approved by the Committee. The Committee may also determine to enter into agreements with holders of options to reclassify or convert certain outstanding options, within the terms of the Plan, as Incentive Stock Options or as non-statutory stock options and in order to eliminate SARs with respect to all or part of such options and any other previously issued options.

10.8. Withholding.

(a) The Company shall have the right to withhold from any payments made under the Plan or to collect as a condition of payment, any taxes required by law to be withheld. At any time when a participant is required to pay to the Company an amount required to be withheld under applicable income tax laws in connection with a distribution of Common Stock or upon exercise of an option or SAR, the participant may satisfy this obligation in whole or in part by electing (the "Election") to have the Company withhold from the distribution shares of Common Stock having a value up to the amount required to be withheld. The value of the shares to be withheld shall be based on the Fair Market Value of the Common Stock on the date that the amount of tax to be withheld shall be determined ("Tax Date").

(b) Each Election must be made prior to the Tax Date. The Committee may disapprove of any Election, may suspend or terminate the right to make Elections, or may provide with respect to any Incentive that the right to make Elections shall not apply to such Incentive. An Election is irrevocable.

10.9. No Continued Employment or Right to Corporate Assets. No participant under the Plan shall have any right, because of his or her participation, to continue in the employ of the Company for any period of time or to any right to continue his or her present or any other rate of compensation. Nothing contained in the Plan shall be construed as giving an employee, the employee's beneficiaries or any other person any equity or interests of any kind in the assets of the Company or creating a trust of any kind or a fiduciary relationship of any kind between the Company and any such person.

10.10. Deferral Permitted. Payment of cash or distribution of any shares of Common Stock to which a participant is entitled under any Incentive shall be

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made as provided in the Incentive. Payment may be deferred at the option of the participant if provided in the Incentive.

10.11. Amendment of the Plan. The Board may amend or discontinue the Plan at any time. However, no such amendment or discontinuance shall, subject to adjustment under Section 10.6, (a) change or impair, without the consent of the recipient, an Incentive previously granted, (b) increase the maximum number of shares of Common Stock which may be issued to all participants under the Plan, (c) change or expand the types of Incentives that may be granted under the Plan, (d) change the class of persons eligible to receive Incentives under the Plan, or (e) materially increase the benefits accruing to participants under the Plan.

10.12 Immediate Acceleration of Incentives. Notwithstanding any provision in this Plan or in any Incentive to the contrary, (a) the restriction on all shares of restricted stock award shall lapse immediately, (b) all outstanding options and SARs will become exercisable immediately, and (c) all performance shares shall be deemed to be met and payment made immediately. If any of the following events occur unless otherwise determined by the Board of Directors and a majority of the Continuing Directors (as defined below):

(1) any person or group of persons becomes the beneficial owner of 30% or more of any equity security of the Company entitled to vote for the election of directors;

(2) a majority of the members of the Board of Directors of the Company is replaced within the period of less than two years by directors not nominated and approved by the Board of Directors; or

(3) the shareholders of the Company approve an agreement to merge or consolidate with or into another corporation or an agreement to sell or otherwise dispose of all or substantially all of the Company's assets (including a plan of liquidation).

For purposes of this Section 10.12, beneficial ownership by a person or group of persons shall be determined in accordance with Regulation 13D (or any similar successor regulation) promulgated by the Securities and Exchange Commission pursuant to the 1934 Act. Beneficial ownership of more than 30% of an equity security may be established by any reasonable method, but shall be presumed conclusively as to any

person who files a Schedule 13D report with the Securities and Exchange Commission reporting such ownership. If the restrictions and forfeitability periods are eliminated by reason of provision (1), the limitations of this Plan shall not become applicable again should the person cease to own 30% or more of any equity security of the Company.

For purposes of this Section 10.12, "Continuing Directors" are directors (a) who were in office prior to the time of any of provisions (1), (2) or (3)

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occurred or any person publicly announced an intention to acquire 20% or more of any equity security of the Company, (b) directors in office for a period of more than two years, and (c) directors nominated and approved by the Continuing Directors.

10.13. Definition of Fair Market Value. For purposes of this Plan, the "Fair Market Value" of a share of Common Stock at a specified date shall, unless otherwise expressly provided in this Plan, be the amount which the Committee determines in good faith to be 100% of the fair market value of such a share as of the date in question; provided, however, that notwithstanding the foregoing, if such shares are listed on a U.S. securities exchange or are quoted on the NASDAQ National Market System or NASDAQ Small-Cap Stock Market ("NASDAQ"), then Fair Market Value shall be determined by reference to the last sale price of a share of Common Stock on such U.S. securities exchange or NASDAQ on the applicable date. If such U.S. securities exchange or NASDAQ is closed for trading on such date, or if the Common Stock does not trade on such date, then the last sale price used shall be the one on the date the Common Stock last traded on such U.S. securities exchange or NASDAQ.

FAMOUS DAVE'S OF AMERICA, INC.

1995 STOCK OPTION AND COMPENSATION PLAN
(as amended through June 15, 2000)

1. Purpose. The purpose of the 1995 Stock Option and Compensation Plan, as Amended (the "Plan") of Famous Dave's of America, Inc. (the "Company") is to increase shareholder value and to advance the interests of the Company by furnishing a variety of economic incentives ("Incentives") designed to attract, retain and motivate employees. Incentives may consist of opportunities to purchase or receive shares of Common Stock, no par value, of the Company ("Common Stock"), monetary payments or both on terms determined under this Plan.

2. Administration. The Plan shall be administered by the stock option committee (the "Committee") of the Board of Directors of the Company. The Committee shall consist of not less than two directors of the Company and shall be appointed from time to time by the Board of Directors of the Company. Each member of the Committee shall be a "disinterested person" within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, and the regulations promulgated thereunder (the "1934 Act"). The Board of Directors of the Company may from time to time appoint members of the Committee in substitution for, or in addition to, members previously appointed, and may fill vacancies, however caused, in the Committee. The Committee shall select one of its members as its chairman and shall hold its meetings at such times and places as it shall deem advisable. A majority of the Committee's members shall constitute a quorum. All action of the Committee shall be taken by the majority of its members. Any action may be taken by a written instrument signed by majority of the members and actions so taken shall be fully effective as if it had been made by a majority vote at a meeting duly called and held. The Committee may appoint a secretary, shall keep minutes of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable. The Committee shall have complete authority to award Incentives under the Plan, to interpret the Plan, and to make any other determination which it believes necessary and advisable for the proper administration of the Plan. The Committee's decisions and matters relating to the Plan shall be final and conclusive on the Company and its participants.

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3. Eligible Employees. Employees of the Company (including officers and directors, but excluding directors of the Company who are not also full-time employees of the Company) shall become eligible to receive Incentives under the Plan when designated by the Committee. Employees may be designated individually or by groups or categories (for example, by pay grade) as the Committee deems appropriate. Participation by officers of the Company and any performance objectives relating to such officers must be approved by the Committee. Participation by others and any performance objectives relating to others may be approved by groups or categories (for example, by pay grade) and authority to designate participants who are not officers and to set or modify such targets may be delegated.

4. Types of Incentives. Incentives under the Plan may be granted in any one or a combination of the following forms: (a) incentive stock options and non-statutory stock options (section 6); (b) stock appreciation rights ("SARs") (section 7); (c) stock awards (section 8); (d) restricted stock (section 8); (e) performance shares (section 9); and (f) cash awards (section 10).

5. Shares Subject to the Plan.

5.1. Number of Shares. Subject to adjustment as provided in Section 11.6, the number of shares of Common Stock which may be issued under the Plan shall not exceed 1,950,000 shares of Common Stock, subject to approval by the shareholders of the Company at the next meeting of shareholders.

5.2. Cancellation. To the extent that cash in lieu of shares of Common Stock is delivered upon the exercise of a SAR pursuant to Section 7.4, the Company shall be deemed, for purposes of applying the limitation on the number of shares, to have issued the greater of the number of shares of Common Stock which it was entitled to issue upon such exercise or on the exercise of any related option. In the event that a stock option or SAR granted hereunder expires or is terminated or canceled unexercised as to any shares of Common Stock, such shares may again be issued under the Plan either pursuant to stock options, SARs or otherwise. In the event that shares of Common Stock are issued as restricted stock or pursuant to a stock award and thereafter are forfeited or reacquired by the Company pursuant to rights reserved upon issuance thereof, such forfeited and reacquired shares may again be issued under the Plan, either as restricted stock, pursuant to stock awards or otherwise. The Committee may also determine to cancel, and agree to the cancellation of, stock options in order to make a participant eligible for the grant of a stock option at a lower price than the option to be canceled.

5.3. Type of Common Stock. Common Stock issued under the Plan in connection with stock options, SARs, performance shares, restricted stock or stock awards, may be authorized and unissued shares.

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6. Stock Options. A stock option is a right to purchase shares of Common Stock from the Company. Each stock option granted by the Committee under this Plan shall be subject to the following terms and conditions:

6.1. Price. The option price per share shall be determined by the Committee, subject to adjustment under Section 11.6.

6.2. Number. The number of shares of Common Stock subject to the option shall be determined by the Committee, subject to adjustment as provided in Section 11.6. The number of shares of Common Stock subject to a stock option shall be reduced in the same proportion that the holder thereof exercises a SAR if any SAR is granted in conjunction with or related to the stock option.

6.3. Duration and Time for Exercise. Subject to earlier termination as provided in Section 11.4, the term of each stock option shall be determined by the Committee but shall not exceed ten years and one day from the date of grant. Each stock option shall become exercisable at such time or times during its term as shall be determined by the Committee at the time of grant. No stock option may be exercised during the first twelve months of its term. Except as provided by the preceding sentence, the Committee may accelerate the exercisability of any stock option. Subject to the foregoing and with the approval of the Committee, all or any part of the shares of Common Stock with respect to which the right to purchase has accrued may be purchased by the Company at the time of such accrual or at any time or times thereafter during the term of the option.

6.4. Manner of Exercise. A stock option may be exercised, in whole or in part, by giving written notice to the Company, specifying the number of shares of Common Stock to be purchased and accompanied by the full purchase price for such shares. The option price shall be payable in United States dollars upon exercise of the option and may be paid by cash; uncertified or certified check; bank draft; by delivery of shares of Common Stock in payment of all or any part of the option price, which shares shall be valued for this purpose at the Fair Market

Value on the date such option is exercised; by instructing the Company to withhold from the shares of Common Stock issuable upon exercise of the stock option shares of Common Stock in payment of all or any part of the option price, which shares shall be valued for this purpose at the Fair Market Value or in such other manner as may be authorized from time to time by the Committee. Prior to the issuance of shares of Common Stock upon the exercise of a stock option, a participant shall have no rights as a shareholder.

6.5. Incentive Stock Options. Notwithstanding anything in the Plan to the contrary, the following additional provisions shall apply to the grant of stock options which are intended to qualify as Incentive Stock Options (as such term is defined in Section 422A of the Internal Revenue Code of 1986, as amended):

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(a) The aggregate Fair Market Value (determined as of the time the option is granted) of the shares of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any participant during any calendar year (under all of the Company's plans) shall not exceed \$100,000.

(b) Any Incentive Stock Option certificate authorized under the Plan shall contain such other provisions as the Committee shall deem advisable, but shall in all events be consistent with and contain all provisions required in order to qualify the options as Incentive Stock Options.

(c) All Incentive Stock Options must be granted within ten years from the earlier of the date on which this Plan was adopted by Board of Directors or the date this Plan was approved by the shareholders.

(d) Unless sooner exercised, all Incentive Stock Options shall expire no later than 10 years after the date of grant.

(e) The option price for Incentive Stock Options shall be not less than the Fair Market Value of the Common Stock subject to the option on the date of grant.

(f) No Incentive Stock Options shall be granted to any participant who, at the time such option is granted, would own (within the meaning of Section 422A of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the employer corporation or of its parent or subsidiary corporation.

7. Stock Appreciation Rights. A SAR is a right to receive, without payment to the Company, a number of shares of Common Stock, cash or any combination thereof, the amount of which is determined pursuant to the formula set forth in Section 7.4. A SAR may be granted (a) with respect to any stock option granted under this Plan, either concurrently with the grant of such stock option or at such later time as determined by the Committee (as to all or any portion of the shares of Common Stock subject to the stock option), or (b) alone, without reference to any related stock option. Each SAR granted by the Committee under this Plan shall be subject to the following terms and conditions:

7.1. Number. Each SAR granted to any participant shall relate to such number of shares of Common Stock as shall be determined by the Committee, subject to adjustment as provided in Section 11.6. In the case of an SAR granted with respect to a stock option, the number of shares of Common

Stock to which the SAR pertains shall be reduced in the same proportion that the holder of the option exercises the related stock option.

7.2. Duration. Subject to earlier termination as provided in Section 11.4, the term of each SAR shall be determined by the Committee but shall not exceed ten years and one day from the date of grant. Unless otherwise provided by the Committee, each SAR shall become exercisable at such time or times, to such extent and upon such conditions as the stock option, if any, to which it relates is exercisable. No SAR may be exercised during the first twelve months of its term. Except as provided in the preceding sentence, the Committee may in its discretion accelerate the exercisability of any SAR.

7.3. Exercise. A SAR may be exercised, in whole or in part, by giving written notice to the Company, specifying the number of SARs which the holder wishes to exercise. Upon receipt of such written notice, the Company shall, within 90 days thereafter, deliver to the exercising holder certificates for the shares of Common Stock or cash or both, as determined by the Committee, to which the holder is entitled pursuant to Section 7.4.

7.4. Payment. Subject to the right of the Committee to deliver cash in lieu of shares of Common Stock (which, as it pertains to officers and directors of the Company, shall comply with all requirements of the 1934 Act), the number of shares of Common Stock which shall be issuable upon the exercise of a SAR shall be determined by dividing:

(a) the number of shares of Common Stock as to which the SAR is exercised multiplied by the amount of the appreciation in such shares (for this purpose, the "appreciation" shall be the amount by which the Fair Market Value of the shares of Common Stock subject to the SAR on the exercise date exceeds (1) in the case of a SAR related to a stock option, the purchase price of the shares of Common Stock under the stock option or (2) in the case of a SAR granted alone, without reference to a related stock option, an amount which shall be determined by the Committee at the time of grant, subject to adjustment under Section 11.6); by

(b) the Fair Market Value of a share of Common Stock on the exercise date.

In lieu of issuing shares of Common Stock upon the exercise of a SAR, the Committee may elect to pay the holder of the SAR cash equal to the Fair Market Value on the exercise date of any or all of the shares which would otherwise be issuable. No fractional shares of Common Stock shall be issued upon the exercise of a SAR; instead, the holder of the SAR shall be entitled to receive a cash adjustment equal to the same fraction of the Fair Market Value of

a share of Common Stock on the exercise date or to purchase the portion necessary to make a whole share at its Fair Market Value on the date of exercise.

8. Stock Awards and Restricted Stock. A stock award consists of the transfer by the Company to a participant of shares of Common Stock, without other payment therefor, as additional compensation for services to the Company. A share of restricted stock consists of shares of Common Stock which are sold or transferred by the Company to a participant at a price determined by the Committee (which price shall be at least equal to the minimum price required by

applicable law for the issuance of a share of Common Stock) and subject to restrictions on their sale or other transfer by the participant. The transfer of Common Stock pursuant to stock awards and the transfer and sale of restricted stock shall be subject to the following terms and conditions:

8.1. Number of Shares. The number of shares to be transferred or sold by the Company to a participant pursuant to a stock award or as restricted stock shall be determined by the Committee.

8.2. Sale Price. The Committee shall determine the price, if any, at which shares of restricted stock shall be sold to a participant, which may vary from time to time and among participants and which may be below the Fair Market Value of such shares of Common Stock at the date of sale.

8.3. Restrictions. All shares of restricted stock transferred or sold hereunder shall be subject to such restrictions as the Committee may determine, including, without limitation any or all of the following:

(a) a prohibition against the sale, transfer, pledge or other encumbrance of the shares of restricted stock, such prohibition to lapse at such time or times as the Committee shall determine (whether in annual or more frequent installments, at the time of the death, disability or retirement of the holder of such shares, or otherwise);

(b) a requirement that the holder of shares of restricted stock forfeit, or (in the case of shares sold to a participant) resell back to the Company at his cost, all or a part of such shares in the event of termination of his employment during any period in which such shares are subject to restrictions;

(c) such other conditions or restrictions as the Committee may deem advisable.

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8.4. Escrow. In order to enforce the restrictions imposed by the Committee pursuant to Section 8.3, the participant receiving restricted stock shall enter into an agreement with the Company setting forth the conditions of the grant. Shares of restricted stock shall be registered in the name of the participant and deposited, together with a stock power endorsed in blank, with the Company. Each such certificate shall bear a legend in substantially the following form:

The transferability of this certificate and the shares of Common Stock represented by it are subject to the terms and conditions (including conditions of forfeiture) contained in the 1995 Stock Option and Compensation Plan of Rainforest Cafe, Inc. (the "Company"), and an agreement entered into between the registered owner and the Company. A copy of the Plan and the agreement is on file in the office of the secretary of the Company.

8.5. End of Restrictions. Subject to Section 11.5, at the end of any time period during which the shares of restricted stock are subject to forfeiture and restrictions on transfer, such shares will be delivered free of all restrictions to the participant or to the participant's legal representative, beneficiary or heir.

8.6. Shareholder. Subject to the terms and conditions of the Plan, each participant receiving restricted stock shall have all the rights of a shareholder with respect to shares of stock during any period in which such shares are subject to forfeiture and restrictions on transfer, including without limitation, the right to vote such

shares. Dividends paid in cash or property other than Common Stock with respect to shares of restricted stock shall be paid to the participant currently.

9. Performance Shares. A performance share consists of an award which shall be paid in shares of Common Stock, as described below. The grant of performance share shall be subject to such terms and conditions as the Committee deems appropriate, including the following:

9.1. Performance Objectives. Each performance share will be subject to performance objectives for the Company or one of its operating units to be achieved by the end of a specified period. The number of performance shares granted shall be determined by the Committee and may be subject to such terms and conditions, as the Committee shall determine. If the performance objectives are achieved, each participant will be paid in shares of Common Stock or cash. If such objectives are not met, each grant of performance shares may provide for lesser payments in accordance with formulas established in the award.

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9.2. Not Shareholder. The grant of performance shares to a participant shall not create any rights in such participant as a shareholder of the Company, until the payment of shares of Common Stock with respect to an award.

9.3. No Adjustments. No adjustment shall be made in performance shares granted on account of cash dividends which may be paid or other rights which may be issued to the holders of Common Stock prior to the end of any period for which performance objectives were established.

9.4. Expiration of Performance Share. If any participant's employment with the Company is terminated for any reason other than normal retirement, death or disability prior to the achievement of the participant's stated performance objectives, all the participant's rights on the performance shares shall expire and terminate unless otherwise determined by the Committee. In the event of termination of employment by reason of death, disability, or normal retirement, the Committee, in its own discretion may determine what portions, if any, of the performance shares should be paid to the participant.

10. Cash Awards. A cash award consists of a monetary payment made by the Company to a participant as additional compensation for his services to the Company. Payment of a cash award will normally depend on achievement of performance objectives by the Company or by individuals. The amount of any monetary payment constituting a cash award shall be determined by the Committee in its sole discretion. Cash awards may be subject to other terms and conditions, which may vary from time to time and among participants, as the Committee determines to be appropriate.

11. General.

11.1. Effective Date. The Plan will become effective upon its approval by the affirmative vote of the holders of a majority of the voting power of the shares of the Company's Common Stock present and entitled to vote at a meeting of its shareholders. Unless approved within one year after the date of the Plan's adoption by the Board of Directors, the Plan shall not be effective for any purpose.

11.2. Duration. The Plan shall remain in effect until all Incentives granted under the Plan have either been satisfied by the issuance of shares of Common Stock or the payment of cash or been terminated under the terms of the Plan and all restrictions imposed on shares of Common Stock in connection with their issuance under the Plan have lapsed. No Incentives may be granted under the Plan after the tenth anniversary of the date the Plan is approved by the shareholders

of the Company.

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11.3. Non-transferability of Incentives. No stock option, SAR, restricted stock or performance award may be transferred, pledged or assigned by the holder thereof (except, in the event of the holder's death, by will or the laws of descent and distribution to the limited extent provided in the Plan or in the Incentive) and the Company shall not be required to recognize any attempted assignment of such rights by any participant. During a participant's lifetime, an Incentive may be exercised only by him or by his guardian or legal representative.

11.4. Effect of Termination of Employment or Death. In the event that a participant ceases to be an employee of the Company for any reason, including death, any Incentives may be exercised or shall expire at such times as may be determined by the Committee.

11.5. Additional Condition. Notwithstanding anything in this Plan to the contrary: (a) the Company may, if it shall determine it necessary or desirable for any reason, at the time of award of any Incentive or the issuance of any shares of Common Stock pursuant to any Incentive, require the recipient of the Incentive, as a condition to the receipt thereof or to the receipt of shares of Common Stock issued pursuant thereto, to deliver to the Company a written representation of present intention to acquire the Incentive or the shares of Common Stock issued pursuant thereto for his own account for investment and not for distribution; and (b) if at any time the Company further determines, in its sole discretion, that the listing, registration or qualification (or any updating of any such document) of any Incentive or the shares of Common Stock issuable pursuant thereto is necessary on any securities exchange or under any federal or state securities or blue sky law, or that the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with the award of any Incentive, the issuance of shares of Common Stock pursuant thereto, or the removal of any restrictions imposed on such shares, such Incentive shall not be awarded or such shares of Common Stock shall not be issued or such restrictions shall not be removed, as the case may be, in whole or in part, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company.

11.6. Adjustment. In the event of any merger, consolidation or reorganization of the Company with any other corporation or corporations, there shall be substituted for each of the shares of Common Stock then subject to the Plan, including shares subject to restrictions, options, or achievement of performance share objectives, the number and kind of shares of stock or other securities to which the holders of the shares of Common Stock will be entitled pursuant to the transaction. In the event of any recapitalization, stock dividend, stock split, combination of shares or other change in the Common Stock, the number of shares of Common Stock then subject to the Plan, including shares

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subject to restrictions, options or achievements of performance shares, shall be adjusted in proportion to the change in outstanding shares of Common Stock. In the event of any such adjustments, the purchase price of any option, the performance objectives of any Incentive, and the shares of Common Stock issuable pursuant to any Incentive shall be adjusted as and to the extent appropriate, in the discretion of the Committee, to provide participants with the same relative rights before and after such adjustment.

11.7. Incentive Plans and Agreements. Except in the case of

stock awards or cash awards, the terms of each Incentive shall be stated in a plan or agreement approved by the Committee. The Committee may also determine to enter into agreements with holders of options to reclassify or convert certain outstanding options, within the terms of the Plan, as Incentive Stock Options or as non-statutory stock options and in order to eliminate SARs with respect to all or part of such options and any other previously issued options.

11.8. Withholding.

(a) The Company shall have the right to withhold from any payments made under the Plan or to collect as a condition of payment, any taxes required by law to be withheld. At any time when a participant is required to pay to the Company an amount required to be withheld under applicable income tax laws in connection with a distribution of Common Stock or upon exercise of an option or SAR, the participant may satisfy this obligation in whole or in part by electing (the "Election") to have the Company withhold from the distribution shares of Common Stock having a value up to the amount required to be withheld. The value of the shares to be withheld shall be based on the Fair Market Value of the Common Stock on the date that the amount of tax to be withheld shall be determined ("Tax Date").

(b) Each Election must be made prior to the Tax Date. The Committee may disapprove of any Election, may suspend or terminate the right to make Elections, or may provide with respect to any Incentive that the right to make Elections shall not apply to such Incentive. An Election is irrevocable.

(c) If a participant is an officer or director of the Company within the meaning of Section 16 of the 1934 Act, then an Election is subject to the following additional restrictions:

(1) No Election shall be effective for a Tax Date which occurs within six months of the grant of the award, except that this limitation shall not apply in the event death or disability

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of the participant occurs prior to the expiration of the six-month period.

(2) The Election must be made either six months prior to the Tax Date or must be made during a period beginning on the third business day following the date of release for publication of the Company's quarterly or annual summary statements of sales and earnings and ending on the twelfth business day following such date.

11.9. No Continued Employment or Right to Corporate Assets. No participant under the Plan shall have any right, because of his or her participation, to continue in the employ of the Company for any period of time or to any right to continue his or her present or any other rate of compensation. Nothing contained in the Plan shall be construed as giving an employee, the employee's beneficiaries or any other person any equity or interests of any kind in the assets of the Company or creating a trust of any kind or a fiduciary relationship of any kind between the Company and any such person.

11.10. Deferral Permitted. Payment of cash or distribution of any shares of Common Stock to which a participant is entitled under any

Incentive shall be made as provided in the Incentive. Payment may be deferred at the option of the participant if provided in the Incentive.

11.11. Amendment of the Plan. The Board may amend or discontinue the Plan at any time. However, no such amendment or discontinuance shall, subject to adjustment under Section 11.6, (a) change or impair, without the consent of the recipient, an Incentive previously granted, (b) increase the maximum number of shares of Common Stock which may be issued to all participants under the Plan, (c) change or expand the types of Incentives that may be granted under the Plan, (d) change the class of persons eligible to receive Incentives under the Plan, or (e) materially increase the benefits accruing to participants under the Plan.

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11.12. Immediate Acceleration of Incentives. Notwithstanding any provision in this Plan or in any Incentive to the contrary, (a) the restrictions on all shares of restricted stock award shall lapse immediately, (b) all outstanding options and SARs will become exercisable immediately, and (c) all performance shares shall be deemed to be met and payment made immediately, if subsequent to the date that the Plan is approved by the Board of Directors of the Company, any of the following events occur unless otherwise determined by the Board of Directors and a majority of the Continuing Directors (as defined below):

(1) any person or group of persons becomes the beneficial owner of 30% or more of any equity security of the Company entitled to vote for the election of directors;

(2) a majority of the members of the Board of Directors of the Company is replaced within the period of less than two years by directors not nominated and approved by the Board of Directors; or

(3) the shareholders of the Company approve an agreement to merge or consolidate with or into another corporation or an agreement to sell or otherwise dispose of all or substantially all of the Company's assets (including a plan of liquidation).

For purposes of this Section 11.12, beneficial ownership by a person or group of persons shall be determined in accordance with Regulation 13D (or any similar successor regulation) promulgated by the Securities and Exchange Commission pursuant to the 1934 Act. Beneficial ownership of more than 30% of an equity security may be established by any reasonable method, but shall be presumed conclusively as to any person who files a Schedule 13D report with the Securities and Exchange Commission reporting such ownership. If the restrictions and forfeitability periods are eliminated by reason of provision (1), the limitations of this Plan shall not become applicable again should the person cease to own 30% or more of any equity security of the Company.

For purposes of this Section 11.12, "Continuing Directors" are directors (a) who were in office prior to the time any of provisions (1), (2) or (3) occurred or any person publicly announced an intention to acquire 20% or more of any equity security of the Company, (b) directors in office for a period of more than two years, and (c) directors nominated and approved by the Continuing Directors.

11.13. Definition of Fair Market Value. For purposes of this Plan, the "Fair Market Value" of a share of Common Stock at a specified date shall, unless otherwise expressly provided in this Plan, be the amount which the Committee determines in good faith to be 100% of the fair market value of such a share as of the date in question; provided, however, that notwithstanding the foregoing, if such shares are listed on a U.S. securities exchange or are quoted on the NASDAQ National Market System or

NASDAQ Small-Cap Stock Market ("NASDAQ"), then Fair Market Value shall be determined by reference to the last sale price of a share of Common Stock on such U.S. securities exchange or NASDAQ on the applicable date. If such U.S. securities exchange or NASDAQ is closed for trading on such date, or if the Common Stock does not trade on such date, then the last sale price used shall be the one on the date the Common Stock last traded on such U.S. securities exchange or NASDAQ.

LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Agreement") is made as of August 4, 2000, by and between FFCA FUNDING CORPORATION, a Delaware corporation ("FFCA"), whose address is 17207 North Perimeter Drive, Scottsdale, Arizona 85255, and FDA PROPERTIES, INC., a Delaware corporation ("Debtor"), whose address is 7657 Anagram Drive, Eden Prairie, Minnesota 55344.

PRELIMINARY STATEMENT:

Unless otherwise expressly provided herein, all defined terms used in this Agreement shall have the meanings set forth in Section 1. Debtor has requested from FFCA, and applied for, the Loans to provide refinancing for the Premises, and for no other purpose whatsoever. Each Loan will be evidenced by a Note and secured by a first priority security interest in the corresponding Premises pursuant to a Mortgage. FFCA has committed to make the Loans pursuant to the terms and conditions of the Commitment, this Agreement and the other Loan Documents.

AGREEMENT:

In consideration of the mutual covenants and provisions of this Agreement, the parties agree as follows:

1. DEFINITIONS. The following terms shall have the following meanings for all purposes of this Agreement:

"Action" has the meaning set forth in Section 10.A(4).

"Affiliate" means any Person which directly or indirectly controls, is under common control with, or is controlled by any other Person. For purposes of this definition, "controls", "under common control with" and "controlled by" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities or otherwise.

"Business Day" means any day on which banks located in Phoenix, Arizona are open for business other than a Saturday, Sunday or a legal holiday, ending at 5:00 PM Phoenix, Arizona time.

"Capital Lease" has the meaning set forth in Section 7.B.

"Closing" has the meaning set forth in Section 4.

"Closing Date" has the meaning set forth in Section 4.

"Code" means the United States Bankruptcy Code, 11 U.S.C. Sec. 101 et seq., as amended.

"Commitment" means that certain Commitment Letter dated June 16, 2000 between FFCA and Debtor, and any amendments or supplements thereto.

"Counsel" means legal counsel to Debtor and Lessee, licensed in the state(s) in which (i) the Premises are located, (ii) Debtor and/or Lessee is incorporated or formed and (iii) Debtor and/or Lessee resides or maintains its chief executive offices, as selected by Debtor and Lessee, as the case may be, and approved by FFCA.

"Debt" has the meaning set forth in Section 7.B.

"Debtor Entities" means, collectively, Debtor, Lessee and any Affiliate of Debtor or Lessee.

"De Minimis Amounts" means, with respect to any given level of Hazardous Materials, that level or quantity of Hazardous Materials in any form or combination of forms the use, storage or release of which does not constitute a violation of or require regulation under any Environmental Laws and is customarily employed in the ordinary course of, or associated with, similar businesses located in the states in which the Premises are located.

"Default Rate" has the meaning set forth in the Notes.

"Depreciation and Amortization" has the meaning set forth in Section 7.B.

"Disclosures" has the meaning set forth in Section 14.P.

"Environmental Condition" means any condition with respect to soil, surface waters, groundwaters, land, stream sediments, surface or subsurface strata, ambient air and any environmental medium comprising or surrounding any of the Premises, whether or not yet discovered, which could or does result in any damage, loss, cost, expense, claim, demand, order or liability to or against Debtor, Lessee or FFCA by any third party (including, without limitation, any Governmental Authority), including, without limitation, any condition resulting from the operation of Debtor's or Lessee's business at the Premises and/or the operation of the business of any other property owner or operator in the vicinity of the Premises and/or any activity or operation formerly conducted by any person or entity on or off the Premises.

"Environmental Indemnity Agreement" or "Environmental Indemnity Agreements" means, as the context may require, the environmental indemnity agreement dated as of the date of this Agreement to be executed by Debtor for the benefit of the Indemnified Parties and such other parties as are identified in such agreement with respect to a Premises or the environmental indemnity agreements dated as of the date of this Agreement to be executed by Debtor for the benefit of the Indemnified Parties and such other parties as are identified in such agreement with respect to all of the Premises, as the same may be amended from time to time. An Environmental Indemnity Agreement will be executed for each Premises.

"Environmental Insurer" means American International Specialty Lines Insurance Company or such other environmental insurance company as FFCA may select, in its sole discretion.

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"Environmental Laws" means any present and future federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law, relating to Hazardous Materials and/or the protection of human health or the environment by reason of a Release or a Threatened Release of Hazardous Materials or relating to liability for or costs of Remediation or prevention of Releases. "Environmental Laws" includes, but is not limited to, the following statutes, as amended, any successor thereto, and any regulations, rulings, orders or decrees promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: the Comprehensive Environmental Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Hazardous Materials Transportation Act; the Resource Conservation and Recovery Act (including but not limited to Subtitle I relating to underground storage tanks); the Solid Waste Disposal Act; the Clean Water Act; the Clean Air Act; the Toxic Substances Control Act; the Safe Drinking Water Act; the Occupational Safety and Health Act; the Federal Water Pollution Control Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; the National Environmental Policy Act; and the River and Harbors Appropriation Act. "Environmental Laws" also includes, but is not limited to, any present and future federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law: conditioning transfer of property upon a negative declaration or

other approval of a Governmental Authority of the environmental condition of the property; requiring notification or disclosure of Releases or other environmental condition of the Premises to any Governmental Authority or other person or entity, whether or not in connection with transfer of title to or interest in property; imposing conditions or requirements relating to Hazardous Materials in connection with permits or other authorization for lawful activity; relating to nuisance, trespass or other causes of action related to Hazardous Materials; and relating to wrongful death, personal injury, or property or other damage in connection with the physical condition or use of the Premises by reason of the presence of Hazardous Materials in, on, under or above the Premises.

"Environmental Policies" means environmental insurance policies issued by Environmental Insurer to FFCA with respect to the Premises, which Environmental Policies shall be in form and substance satisfactory to FFCA in its sole discretion.

"Equipment Payment Amount" has the meaning set forth in Section 7.B.

"Event of Default" has the meaning set forth in Section 10.

"FCCR Amount" has the meaning set forth in Section 10.A(6).

"Fee" means an underwriting, site assessment, valuation, processing and commitment fee equal to 1.0% of the sum of the Loan Amounts for all of the Premises, which Fee shall be payable as set forth in Section 3.

"FFCA Payments" has the meaning set forth in Section 7.B.

"FFCA Entities" means, collectively, FFCA, Franchise Finance and any Affiliate of FFCA or Franchise Finance.

"Fixed Charge Coverage Ratio" has the meaning set forth in Section 7.B.

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"Franchise Finance" means Franchise Finance Corporation of America, a Delaware corporation, and its successors.

"GAAP" means generally accepted accounting principles consistently applied.

"Governmental Authority" means any governmental authority, agency, department, commission, bureau, board, instrumentality, court or quasi-governmental authority of the United States, the state(s) where the Premises are located or any political subdivision thereof.

"Gross Sales" has the meaning set forth in Section 7.B.

"Hazardous Materials" means (a) any toxic substance or hazardous waste, substance, solid waste or related material, or any pollutant or contaminant; (b) radon gas, asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contains dielectric fluid containing levels of polychlorinated biphenyls in excess of federal, state or local safety guidelines, whichever are more stringent, or any petroleum product; (c) any substance, gas, material or chemical which is or may be defined as or included in the definition of "hazardous substances," "toxic substances," "hazardous materials," "hazardous wastes," "regulated substances" or words of similar import under any Environmental Laws; and (d) any other chemical, material, gas or substance the exposure to or release of which is or may be prohibited, limited or regulated by any Governmental Authority that asserts or may assert jurisdiction over the Premises or the operations or activity at the Premises, or any chemical, material, gas or substance that does or may pose a hazard to the health and/or safety of the occupants of the Premises or the owners and/or occupants of property adjacent to or surrounding the Premises.

"Indemnified Parties" has the meaning set forth in Section 12.

"Interest Expense" has the meaning set forth in Section 7.B.

"Lease" means the master lease between Debtor, as lessor, and Lessee, as lessee, with respect to all of the Premises, as the same may be amended from time to time.

"Lessee" means Famous Dave's of America, Inc., a Minnesota corporation, and its successors, permitted assigns or any lessee subsequently agreed in writing by FFCA.

"Loan" or "Loans" means, as the context may require, the loan for each Premises, or the loans for all of the Premises, described in Section 2.

"Loan Amount" or "Loan Amounts" means, as the context may require, the aggregate amount set forth in Section 2 or, with respect to each Premises, the individual amount set forth in Exhibit A.

"Loan Documents" means, collectively, this Agreement, the Notes, the Mortgages, the Environmental Indemnity Agreements, the UCC-1 Financing Statements and all other documents, instruments and agreements executed in connection therewith or contemplated thereby.

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"Loan Pool" means:

(i) in the context of a Securitization, any pool or group of loans that are a part of such Securitization;

(ii) in the context of a Transfer, all loans which are sold, transferred or assigned to the same transferee; and

(iii) in the context of a Participation, all loans as to which participating interests are granted to the same participant.

"Lost Note" has the meaning set forth in Section 7.C.

"Memoranda" has the meaning set forth in Section 9.K.

"Modified FCCR Amount" has the meaning set forth in Section 10.A(6).

"Mortgage" or "Mortgages" means, as the context may require, the deed of trust or mortgage dated as of the date of this Agreement to be executed by Debtor for the benefit of FFCA with respect to a Premises or the deeds of trust or mortgages dated as of the date of this Agreement to be executed by Debtor for the benefit of FFCA with respect to all of the Premises, as the same may be amended from time to time. A Mortgage will be executed for each Premises.

"Net Income" has the meaning set forth in Section 7.B.

"Note" or "Notes" means, as the context may require, the promissory note dated as of the date of this Agreement to be executed by Debtor in favor of FFCA evidencing a Loan with respect to a Premises or the promissory notes dated as of the date of this Agreement to be executed by Debtor in favor of FFCA evidencing the Loans with respect to all of the Premises, as the same may be amended, restated and/or substituted from time to time, including, without limitation, as a result of the payment of the FCCR Amount or the Modified FCCR Amount pursuant to Section 10. A Note will be executed for each Premises in the Loan Amount corresponding to such Premises.

"Operating Lease Expense" has the meaning set forth in Section 7.B.

"Other Agreements" means, collectively, all agreements and instruments between, among or by (1) any of the Debtor Entities, and, or for the benefit of, (2) any of the FFCA Entities, including, without limitation, promissory notes

and guaranties; provided, however, the term "Other Agreements" shall not include the agreements and instruments defined as the Loan Documents.

"Participation" means one or more grants by FFCA or any of the other FFCA Entities to a third party of a participating interest in notes evidencing obligations to repay secured or unsecured loans owned by FFCA or any of the other FFCA Entities or any and all servicing rights with respect thereto.

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"Permitted Concept" means a Famous Dave's restaurant or other restaurant or retail concept approved in writing by FFCA in its reasonable discretion.

"Permitted Exceptions" means those recorded easements, restrictions, liens and encumbrances set forth as exceptions in the title insurance policies issued by Title Company to FFCA and approved by FFCA in its sole discretion in connection with the closing of the Loans.

"Person" means any individual, corporation, partnership, limited liability company, trust, unincorporated organization, Governmental Authority or any other form of entity.

"Premises" means the parcel or parcels of real estate corresponding to the FFCA File Numbers and addresses identified on Exhibit A attached hereto, together with all rights, privileges and appurtenances associated therewith and all buildings, fixtures and other improvements, equipment, trade fixtures, appliances and other personal property now or hereafter located thereon (whether or not affixed to such real estate). As used herein, the term "Premises" shall mean either a singular property or all of the properties collectively, as the context may require.

"Questionnaires" means the environmental questionnaires completed by Debtor or Lessee with respect to the Premises and submitted to Environmental Insurer in connection with the issuance of the Environmental Policies.

"Release" means any presence, release, deposit, discharge, emission, leaking, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Materials.

"Remediation" means any response, remedial, removal, or corrective action, any activity to cleanup, detoxify, decontaminate, contain or otherwise remediate any Hazardous Material, any actions to prevent, cure or mitigate any Release, any action to comply with any Environmental Laws or with any permits issued pursuant thereto, any inspection, investigation, study, monitoring, assessment, audit, sampling and testing, laboratory or other analysis, or any evaluation relating to any Hazardous Materials.

"Securitization" means one or more sales, dispositions, transfers or assignments by FFCA or any of the other FFCA Entities to a special purpose corporation, trust or other entity identified by FFCA or any of the other FFCA Entities of notes evidencing obligations to repay secured or unsecured loans owned by FFCA or any of the other FFCA Entities (and, to the extent applicable, the subsequent sale, transfer or assignment of such notes to another special purpose corporation, trust or other entity identified by FFCA or any of the other FFCA Entities), and the issuance of bonds, certificates, notes or other instruments evidencing interests in pools of such loans, whether in connection with a permanent asset securitization or a sale of loans in anticipation of a permanent asset securitization. Each Securitization shall be undertaken in accordance with all requirements which may be imposed by the investors or the rating agencies involved in each such sale, disposition, transfer or assignment or which may be imposed by applicable securities, tax or other laws or regulations, including, without limitation, laws relating to FFCA's status as a real estate investment trust.

"Selected Premises" has the meaning set forth in Section 10.A(6).

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"Subject Premises" has the meaning set forth in Section 10.A(6).

"Substitute Documents" has the meaning set forth in Section 13.

"Substitute Premises" means one or more parcels of real property substituted for a Premises in accordance with the requirements of Section 13, together with all rights, privileges and appurtenances associated therewith, and all buildings, fixtures and other improvements, equipment, trade fixtures, appliances and other personal property located thereon (whether or not affixed to such real estate). For purposes of clarity, where two or more parcels of real property comprise a Substitute Premises, such parcels or interests shall be aggregated and deemed to constitute the Substitute Premises for all purposes of this Agreement.

"Substitute Premises Permitted Exceptions" has the meaning set forth in Section 13.

"Threatened Release" means a substantial likelihood of a Release which requires action to prevent or mitigate damage to the soil, surface waters, groundwaters, land, stream sediments, surface or subsurface strata, ambient air or any other environmental medium comprising or surrounding the Premises which may result from such Release.

"Title Company" means the title insurance company described in Section 4.

"Transfer" means one or more sales, transfers or assignments by FFCA or any of the other FFCA Entities to a third party of notes evidencing obligations to repay secured or unsecured loan owned by FFCA or any of the other FFCA Entities or any and all servicing rights with respect thereto.

"UCC-1 Financing Statements" means such UCC-1 Financing Statements as FFCA shall require to be executed and delivered by Debtor with respect to the transactions contemplated by this Agreement.

2. TRANSACTION. On the terms and subject to the conditions set forth in the Loan Documents, FFCA shall make the Loans. The Loans will be evidenced by the Notes and secured by the Mortgages. Debtor shall repay the outstanding principal amount of the Loans together with interest thereon in the manner and in accordance with the terms and conditions of the Notes and the other Loan Documents. The aggregate Loan Amount shall be \$3,500,000.00 allocated among the Premises as set forth on the attached Exhibit A. The Loans shall be advanced at the Closing in cash or otherwise immediately available funds subject to any prorations and adjustments required by this Agreement. The Premises shall be leased to the Lessee pursuant to the Lease and, at Closing, Debtor shall assign the Lease to FFCA pursuant to the Mortgages.

3. UNDERWRITING, SITE ASSESSMENT, VALUATION, PROCESSING AND COMMITMENT FEE. Debtor paid FFCA a portion of the Fee pursuant to the Commitment, and such portion was deemed fully earned when received. The remainder of the Fee shall be paid at the Closing and shall be deemed nonrefundable and fully earned upon the Closing. The Fee constitutes FFCA's underwriting, site assessment, valuation, processing and commitment fee. In the event the transaction set forth in this Agreement fails to close due to a breach or default by Debtor under this Agreement, FFCA shall retain the portion of the Fee received by FFCA (without affecting or limiting FFCA's remedies set forth in this Agreement).

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4. CLOSING. (a) Each Loan shall be closed (the "Closing") within 30 days following the satisfaction of all of the terms and conditions contained in this Agreement, but in no event shall the date of the Closing be extended beyond August 31, 2000, unless such extension shall be approved by FFCA in its sole discretion (the date on which the Closing shall occur is referred to herein as

the "Closing Date").

(b) FFCA has ordered a title insurance commitment for each Premises from Lawyers Title Insurance Corporation ("Title Company"). Prior to the Closing Date, the parties hereto shall deposit with Title Company all documents and moneys necessary to comply with their obligations under this Agreement. All costs of such transaction shall be borne by Debtor, including, without limitation, the cost of title insurance and all endorsements required by FFCA, survey charges, UCC and litigation search charges, the attorneys' fees of Debtor, attorneys' fees and expenses of FFCA, the cost of the environmental reports or Environmental Policies to be delivered pursuant to Section 9.E, FFCA's in-house site inspection costs and fees, stamp taxes, mortgage taxes, transfer fees, escrow and recording fees and site inspection fees for the Premises. All real and personal property and other applicable taxes and assessments and other charges relating to the Premises which are due and payable on or prior to the Closing Date as well as taxes and assessments due and payable subsequent to the Closing Date but which Title Company requires to be paid at Closing as a condition to the issuance of the title insurance policy described in Section 9.C, shall be paid by Debtor at or prior to the Closing. The Closing documents shall be dated as of the Closing Date.

Debtor and FFCA hereby employ Title Company to act as escrow agent in connection with the transaction described in this Agreement. Title Company shall not cause the transaction to close unless and until it has received written instructions from FFCA and Debtor to do so. Debtor and FFCA will deliver to Title Company all documents, pay to Title Company all sums and do or cause to be done all other things necessary or required by this Agreement, in the reasonable judgment of Title Company, to enable Title Company to comply herewith and to enable any title insurance policy provided for herein to be issued. Title Company is authorized to pay, from any funds held by it for FFCA's or Debtor's respective credit all amounts necessary to procure the delivery of such documents and to pay, on behalf of FFCA and Debtor, all charges and obligations payable by them, respectively. Debtor will pay all charges payable by it to Title Company. Title Company is authorized, in the event any conflicting demand is made upon it concerning these instructions or the escrow, at its election, to hold any documents and/or funds deposited hereunder until an action shall be brought in a court of competent jurisdiction to determine the rights of Debtor and FFCA or to interplead such documents and/or funds in an action brought in any such court. Deposit by Title Company of such documents and funds, after deducting therefrom its charges and its expenses and attorneys' fees incurred in connection with any such court action, shall relieve Title Company of all further liability and responsibility for such documents and funds. Title Company's receipt of this Agreement and opening of an escrow pursuant to this Agreement shall be deemed to constitute conclusive evidence of Title Company's agreement to be bound by the terms and conditions of this Agreement pertaining to Title Company. Disbursement of any funds shall be made by check, certified check or wire transfer, as directed by Debtor and FFCA. Title Company shall be under no obligation to disburse any funds represented by check or draft, and no check or draft shall be payment to Title Company in compliance with any of the requirements hereof, until it is advised by the bank in which such check or draft is deposited that such check or draft has been honored. Title Company

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is authorized to act upon any statement furnished by the holder or payee, or a collection agent for the holder or payee, of any lien on or charge or assessment in connection with the Premises, concerning the amount of such charge or assessment or the amount secured by such lien, without liability or responsibility for the accuracy of such statement. The employment of Title Company as escrow agent shall not affect any rights of subrogation under the terms of any title insurance policy issued pursuant to the provisions thereof.

5. REPRESENTATIONS AND WARRANTIES OF FFCA. The representations and warranties of FFCA contained in this Section are being made by FFCA as of the date of this Agreement and the Closing Date to induce Debtor to enter into this Agreement and consummate the transactions contemplated herein, and Debtor has relied, and will continue to rely, upon such representations and warranties from

and after the execution of this Agreement and the Closing. FFCA represents and warrants to Debtor as follows:

A. Organization of FFCA. FFCA has been duly formed, is validly existing and has taken all necessary action to authorize the execution, delivery and performance by FFCA of this Agreement.

B. Authority of FFCA. The person who has executed this Agreement on behalf of FFCA is duly authorized so to do.

C. Enforceability. Upon execution by FFCA, this Agreement shall constitute the legal, valid and binding obligation of FFCA, enforceable against FFCA in accordance with its terms.

All representations and warranties of FFCA made in this Agreement shall survive the Closing.

6. REPRESENTATIONS AND WARRANTIES OF DEBTOR. The representations and warranties of Debtor contained in this Section are being made by Debtor as of the date of this Agreement and the Closing Date to induce FFCA to enter into this Agreement and consummate the transactions contemplated herein, and FFCA has relied, and will continue to rely, upon such representations and warranties from and after the execution of this Agreement and the Closing. Debtor represents and warrants to FFCA as follows:

A. Information and Financial Statements. Debtor has delivered to FFCA financial statements (either audited financial statements or, if Debtor does not have audited financial statements, certified financial statements) and certain other information concerning itself and Lessee, which financial statements and other information are true, correct and complete in all material respects; and no material adverse change has occurred with respect to any such financial statements and other information provided to FFCA since the date such financial statements and other information were prepared or delivered to FFCA. Debtor understands that FFCA is relying upon such financial statements and information and Debtor represents that such reliance is reasonable. All such financial statements were prepared in accordance with GAAP and accurately reflect as of the date of this Agreement and the Closing Date, the financial condition of each individual or entity to which they pertain.

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B. Organization and Authority. (1) Each of Debtor and Lessee is duly organized or formed, validly existing and in good standing under the laws of its state of incorporation or formation, and qualified as a foreign corporation, partnership or limited liability company, as applicable, to do business in any jurisdiction where such qualification is required. All necessary corporate, partnership or limited liability company action has been taken to authorize the execution, delivery and performance of this Agreement and the other Loan Documents.

(2) The person(s) who have executed this Agreement on behalf of Debtor are duly authorized so to do.

C. Enforceability of Documents. Upon execution by Debtor and Lessee this Agreement and the other Loan Documents shall constitute the legal, valid and binding obligations of Debtor and Lessee, respectively, enforceable against Debtor and Lessee in accordance with their respective terms.

D. Litigation. There are no suits, actions, proceedings or investigations pending or to the best of Debtor's knowledge, threatened against or involving Debtor, Lessee or the Premises before any arbitrator or Governmental Authority which might reasonably result in any material adverse change in the contemplated business, condition,

worth or operations of Debtor, Lessee or the Premises.

E. Absence of Breaches or Defaults. Debtor and Lessee are not, and the authorization, execution, delivery and performance of this Agreement and the other Loan Documents will not result, in any breach or default under any other document, instrument or agreement to which Debtor and/or Lessee are a party or by which Debtor, Lessee, the Premises or any of the property of Debtor or Lessee is subject or bound. The authorization, execution, delivery and performance of this Agreement and the other Loan Documents will not violate any applicable law, statute, regulation, rule, ordinance, code or order.

F. Utilities. The Premises are served by ample public utilities to permit full utilization of the Premises for their intended purpose and all utility connection fees and use charges will have been paid in full.

G. Intended Use and Zoning; Compliance With Laws. Debtor and Lessee intend to use each of the Premises solely for the operation of a Permitted Concept, and related ingress, egress and parking, and for no other purposes. Each of the Premises is in compliance with all applicable zoning requirements and the use of each of the Premises as a Permitted Concept does not constitute a nonconforming use under applicable zoning requirements. The Premises comply with all applicable statutes, regulations, rules, ordinances, codes, licenses, permits, orders and approvals of each Governmental Authority having jurisdiction over the Premises, including, without limitation, all health, building, fire, safety and other codes, ordinances and requirements, all applicable standards of the National Board of Fire Underwriters and the Americans With Disabilities Act of 1990 and all policies or rules of common law, in each case, as amended, and any judicial or administrative interpretation thereof, including any judicial order, consent, decree or judgment applicable to Debtor or Lessee.

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H. Area Development; Wetlands. No condemnation or eminent domain proceedings affecting the Premises have been commenced or, to the best of Debtor's knowledge, are contemplated. To the best of Debtor's knowledge, the areas where the Premises are located have not been declared blighted by any Governmental Authority. To the best of Debtor's knowledge, the Premises and/or the real property bordering the Premises are not designated by any Governmental Authority as a wetlands.

I. Licenses and Permits; Access. Debtor or Lessee has all required licenses and permits, both governmental and private, to use and operate the Premises in the intended manner. There are adequate rights of access to public roads and ways available to the Premises for unrestricted ingress and egress and otherwise to permit full utilization of the Premises for their intended purposes and all such public roads and ways have been completed and dedicated to public use.

J. Condition of Premises. The Premises, including the equipment located thereon, are of good workmanship and materials, fully equipped and operational, in good condition and repair, free from structural defects, clean, orderly and sanitary, safe, well-lit, landscaped, decorated, attractive and well-maintained.

K. Environmental. Debtor is fully familiar with the present use of the Premises, and, after due inquiry, Debtor has become generally familiar with the prior uses of the Premises. Debtor has not and to the best of Debtor's knowledge, no Hazardous Materials have been used, handled, manufactured, generated, produced, stored, treated, processed, transferred or disposed of at or on the Premises, except in De Minimis Amounts, and no Release or Threatened Release has occurred at or on the Premises. The activities, operations and business

undertaken on, at or about the Premises, including, but not limited to, any past or ongoing alterations or improvements at the Premises, are and to the best of Debtor's knowledge have been at all times, in compliance with all Environmental Laws. No further action is required to remedy any Environmental Condition or violation of, or to be in full compliance with, any Environmental Laws, and no lien has been imposed on the Premises by any Governmental Authority in connection with any Environmental Condition, the violation or threatened violation of any Environmental Laws or the presence of any Hazardous Materials on or off the Premises.

There is no pending or threatened litigation or proceeding before any Governmental Authority in which any person or entity alleges the violation or threatened violation of any Environmental Laws or the presence, Release, Threatened Release or placement on or at the Premises of any Hazardous Materials, or of any facts which would give rise to any such action, nor has Debtor (a) received any notice (and Debtor has no actual knowledge) that any Governmental Authority or any employee or agent thereof has determined, threatens to determine or requires an investigation to determine that there has been a violation of any Environmental Laws at, on or in connection with the Premises or that there exists a presence, Release, Threatened Release or placement of any Hazardous Materials on or at the Premises, or the use, handling, manufacturing, generation, production, storage, treatment, processing, transportation or disposal of any Hazardous Materials at or on the Premises; (b) received any notice under the citizen suit provision of any Environmental Law in connection with the Premises or any facilities, operations or activities conducted thereon, or

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any business conducted in connection therewith; or (c) received any request for inspection, request for information, notice, demand, administrative inquiry or any formal or informal complaint or claim with respect to or in connection with the violation or threatened violation of any Environmental Laws or existence of Hazardous Materials relating to the Premises or any facilities, operations or activities conducted thereon or any business conducted in connection therewith.

FFCA has charged Debtor a fee for the Environmental Policies. Debtor acknowledges that the Environmental Policies are for the sole protection of FFCA and will not protect Debtor or provide Debtor with any charge thereunder.

The information and disclosures in the Questionnaires are true, correct and complete in all material respects, FFCA and Environmental Insurer may rely on such information and disclosures, and the person or persons executing the Questionnaires were duly authorized to do so. Debtor acknowledges and agrees that Environmental Insurer may rely on the environmental representations and warranties set forth in the preceding subsection K, that Environmental Insurer is an intended third-party beneficiary of such representations and warranties and that Environmental Insurer shall have all rights and remedies available at law or in equity as a result of a breach of such representations and warranties, including, to the extent applicable, the right of subrogation.

L. Title to Premises; First Priority Lien. Fee title to each of the Premises is vested in Debtor, free and clear of all liens, encumbrances, charges and security interests of any nature whatsoever, except the Permitted Exceptions. Debtor is the owner of all equipment, trade fixtures, appliances and other personal property located on or at each of the Premises free and clear of all liens, encumbrances, charges and security interests of any nature whatsoever except for any equipment, trade fixtures, appliances and other personal property owned by Lessee. Upon Closing, FFCA shall have a first priority lien upon and security interest in Debtor's right, title and interest in and to each

of the Premises pursuant to the Mortgages and the UCC-1 Financing Statements.

M. No Other Agreements and Options. Neither Debtor, Lessee nor the Premises are subject to any commitment, obligation, or agreement, including, without limitation, any right of first refusal, option to purchase or lease granted to a third party, which could or would prevent or hinder FFCA in making the Loans or exercising any of its rights or remedies under the Loan Documents or prevent or hinder Debtor or Lessee from fulfilling its obligations under this Agreement or the other Loan Documents.

N. No Mechanics' Liens. There are no outstanding accounts payable, mechanics' liens, or rights to claim a mechanics' lien in favor of any materialman, laborer, or any other person or entity in connection with labor or materials furnished to or performed on any portion of the Premises; no work has been performed or is in progress nor have materials been supplied to the Premises or agreements entered into for work to be performed or materials to be supplied to the Premises prior to the date hereof, which will not have been fully paid for on or before the Closing Date, or which might provide the basis for the filing of such liens against the Premises or any portion thereof; Debtor shall be responsible for any and all claims for mechanics' liens and accounts payable that have arisen or may

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subsequently arise due to agreements entered into for and/or any work performed on, or materials supplied to the Premises prior to the Closing Date; Debtor and Lessee have made no contract or arrangement of any kind the performance of which by the other party thereto would give rise to a lien on the Premises; and Debtor shall and does hereby agree to defend, indemnify and forever hold FFCA and FFCA's designees harmless for, from and against any and all such mechanics' lien claims, accounts payable or other commitments relating to the Premises.

O. No Reliance. Debtor acknowledges that FFCA did not prepare or assist in the preparation of any of the projected financial information used by Debtor in analyzing the economic viability and feasibility of the transaction contemplated by this Agreement. Furthermore, Debtor acknowledges that it has not relied upon, nor may it hereafter rely upon, the analysis undertaken by FFCA in determining the Loan Amounts, and such analysis will not be made available to Debtor.

P. Nonconsolidation. (1) Debtor maintains correct and complete books and records of account separate from all other Persons. Where necessary or appropriate, Debtor has disclosed the nature of the transaction contemplated by the Loan Documents and Debtor's independent status to its creditors. The Premises represent all of the assets owned or leased by Debtor as of the date hereof, and Debtor has not commingled its assets and its liabilities with those of any other Person.

(2) Debtor maintains its own checking account or accounts with commercial banking institutions separate from other Persons.

(3) To the extent that Debtor shares the same employees with other Persons, the salaries of and the expenses related to providing benefits to such employees have been fairly and nonarbitrarily allocated among such Persons, with the result that each such Person bears its fair share of the salary and benefit costs associated with all such common employees.

(4) To the extent that Debtor jointly contracts with other Persons to do business with vendors or service providers or to share overhead expenses, the costs incurred in so doing are, and at all times

shall be, fairly and nonarbitrarily allocated among such Persons, with the result that each such Person bears its fair share of such costs. To the extent that Debtor contracts or does business with vendors or service providers where the goods or services provided are or shall be partially for the benefit of other Persons, the costs incurred in so doing are fairly and nonarbitrarily allocated to or among such Persons for whose benefit the goods or services are provided, with the result that each such Person bears its fair share of such costs.

(5) To the extent that Debtor or other Persons have offices in the same location, there is a fair, appropriate and nonarbitrary allocation of overhead among them, with the result that each such Person bears its fair share of such expenses.

(6) Debtor has not incurred any indebtedness, secured or unsecured, direct or indirect, absolute or contingent, including, without limitation, liability for the debts of any other Person (and Debtor has not held itself out as being liable for the debts of any other

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Person), other than the Loans and trade and operational debt incurred in the ordinary course of business with trade creditors and in amounts as are normal and reasonable under the circumstances. Debtor is not a guarantor of any obligations.

(7) Debtor is not presently a party to a pledge of its assets for the benefit of other Persons. Debtor has not made any loans or advances to any third party (including any Affiliate or constituent party of Debtor).

(8) Debtor has conducted its affairs strictly in accordance with its organizational documents including Debtor's corporate organizational documents and has observed all necessary, appropriate and customary formalities.

(9) Debtor does not hold itself out to the public or to any of its individual creditors as being a unified entity with assets and liabilities in common with any other Person.

(10) Debtor (i) is solvent, (ii) is able to pay its obligations as they become due and (iii) is not and shall not be engaged in any business or transaction for which its remaining capital is or may be unreasonably small.

(11) Debtor has no actual intent to hinder, delay or defraud creditors in connection with any of the transactions contemplated herein or intent to incur (or belief that it is incurring) debts beyond its ability to pay the same as they mature.

(12) Debtor has not, as to itself or as to other Persons, (a) commenced any case, proceeding or other action under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to Debtor or other Persons or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to Debtor or its debts or other Persons or their debts or (b) sought appointment of a receiver, trustee, custodian or other similar official for Debtor or for all or any substantial part of its or other Person's assets or made a general assignment for the benefit of Debtor's creditors.

All representations and warranties of Debtor made in this Agreement shall be and will remain true and complete in all respects as of and subsequent to the Closing Date as if made and restated in full as of such time and shall

survive the Closing.

7. COVENANTS. Debtor covenants to FFCA from and after the Closing Date as follows:

A. Inspections. Upon reasonable advance notice, Debtor shall, at all reasonable times, (i) provide FFCA and FFCA's officers, employees, agents, advisors, attorneys, accountants, architects, and engineers with access to the Premises, all drawings, plans, and specifications for the Premises in possession of Debtor or Lessee, all engineering reports relating to the Premises in the possession of Debtor or Lessee, the files, correspondence and documents relating to the Premises, and the financial books and records, including lists of delinquencies, relating to the ownership, operation, and maintenance of the Premises

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(including, without limitation, any of the foregoing information stored in any computer files), (ii) allow such persons to make such inspections, tests, copies, and verifications as FFCA considers necessary, and (iii) if Debtor is in breach of the Fixed Charge Coverage Ratio requirement set forth in the following Subsection B beyond applicable notice and cure periods, pay expenses reasonably incurred by FFCA from time to time in conducting such inspections, tests, copies and verifications upon demand (such amounts to bear interest at the Default Rate if not paid upon demand until paid).

B. Fixed Charge Coverage Ratio. Until such time as all of Debtor's obligations under the Notes and the other Loan Documents are paid, satisfied and discharged in full, Debtor shall cause to be maintained an aggregate Fixed Charge Coverage Ratio at all of the Premises of at least 1.25:1, as determined on the last day of each fiscal year of Debtor. For purposes of this Section, the term "Fixed Charge Coverage Ratio" shall mean with respect to the twelve month period of time immediately preceding the date of determination, the ratio calculated for such period of time, each as determined in accordance with GAAP, of (a) the sum of Net Income (including proceeds from business interruption insurance payments, if any), Depreciation and Amortization, Interest Expense and Operating Lease Expense, less a corporate overhead allocation in an amount equal to 5% of Gross Sales, to (b) the sum of the FFCA Payments, Operating Lease Expense and the Equipment Payment Amount.

For purposes of this Section, the following terms shall be defined as set forth below:

"Capital Lease" shall mean any lease of any property (whether real, personal or mixed) by Lessee with respect to one or more of the Premises which lease would, in conformity with GAAP, be required to be accounted for as a capital lease on the balance sheet of Lessee. The term "Capital Lease" shall not include any operating lease.

"Debt" shall mean as directly related to all of the Premises and the period of determination (i) indebtedness for borrowed money, (ii) obligations evidenced by bonds, indentures, notes or similar instruments, (iii) obligations to pay the deferred purchase price of property or services, (iv) obligations under leases which should be, in accordance with GAAP, accounted for as Capital Leases, and (v) obligations under direct or indirect guarantees in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (iv) above.

"Depreciation and Amortization" shall mean with respect to all of the Premises the depreciation and amortization accruing during any period of determination with respect to Debtor as determined in accordance with GAAP.

"Equipment Payment Amount" shall mean for any period of determination the sum of all amounts payable during such period of determination under all (i) leases for equipment located at one or more of the Premises and (ii) all loans secured by equipment located at one or more of the Premises.

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"FFCA Payments" shall mean with respect to the period of determination, the sum of all amounts payable under the Notes.

"Gross Sales" shall mean the sales or other income arising from all business conducted at all of the Premises by Lessee during the period of determination, less sales tax, credit card commission and complimentary sales, as presented in Lessee's publicly disclosed financial statements, and any amounts received from not-for-profit sales of all non-food items approved for use in connection with promotional campaigns, if any, for all of the Premises.

"Interest Expense" shall mean for any period of determination, the sum of all interest accrued or which should be accrued in respect of all Debt of Lessee allocable to one or more of the Premises and all business operations thereon during such period (including interest attributable to Capital Leases), as determined in accordance with GAAP.

"Net Income" shall mean with respect to the period of determination, the aggregate net income or net loss of Lessee allocable to all of the Premises. In determining the amount of Net Income, (i) adjustments shall be made for nonrecurring gains and losses allocable to the period of determination, (ii) deductions shall be made for Depreciation and Amortization, Interest Expense and Operating Lease Expense allocable to the period of determination, and (iii) no deductions shall be made for (x) income taxes or charges equivalent to income taxes allocable to the period of determination, as determined in accordance with GAAP, or (y) corporate overhead expense allocable to the period of determination.

"Operating Lease Expense" shall mean the sum of all payments and expenses incurred by Lessee under any operating leases with respect to one or more of the Premises and the business operations thereon during the period of determination, as determined in accordance with GAAP.

Notwithstanding the foregoing, FFCA shall have the right to divide the Loans (each such Loan to be endorsed by a Note and by the Loan Documents corresponding to such Note) into one or more Loan Pools in connection with one or more Securitizations, Participations or Transfers. If any Loan Pool does not include all of the Loans, Debtor shall maintain with respect to the Loans in each Loan Pool an aggregate Fixed Charge Coverage Ratio, as determined on the date set forth above, of at least 1.25:1 for all of the Premises corresponding to the Loans in such Loan Pool, which Fixed Charge Coverage Ratio requirement shall be in addition to the requirement to maintain an aggregate Fixed Charge Coverage Ratio of at least 1:25:1 for all of the Premises as set forth above, and shall apply until such time as all of the Debtor's obligations under the Notes and the other Loan Documents corresponding to such Loans are paid, satisfied and discharged in full. To the extent

that an aggregate Fixed Charge Coverage Ratio requirement is imposed by FFCA with respect to the Loans in any Loan Pool, for the purposes of determining whether or not such Fixed Charge Coverage Ratio requirement has been satisfied, the definitions relating to the Fixed Charge Coverage Ratio shall be deemed to be modified

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as applicable to provide for the calculation of the aggregate Fixed Charge Coverage Ratio for all of the Premises corresponding to such Loan Pool rather than a calculation of the aggregate Fixed Charge Coverage Ratio for all of the Premises.

C. Lost Note. Debtor shall, if any Note is mutilated, destroyed, lost or stolen (a "Lost Note"), promptly deliver to FFCA, upon receipt of an affidavit from FFCA stipulating that such Note has been mutilated, destroyed, lost or stolen, in substitution therefor, a new promissory note containing the same terms and conditions as such Lost Note with a notation thereon of the unpaid principal and accrued and unpaid interest. Debtor shall provide fifteen (15) days' prior notice to FFCA before making any payments to third parties in connection with a Lost Note.

D. Affiliate Transactions. Unless otherwise approved by FFCA, all transactions between Debtor and any of its Affiliates shall be on terms substantially as advantageous to Debtor as those which could be obtained by Debtor in a comparable arm's length transaction with a non-Affiliate of Debtor.

E. Lease Modifications. The Lease shall not be modified, amended, terminated, cancelled or surrendered without FFCA's prior written consent.

F. Nonconsolidation. (1) Debtor shall at all times maintain correct and complete books and records of account separate from all other Persons. Where necessary or appropriate, Debtor shall disclose the nature of the transaction contemplated by the Loan Documents and Debtor's independent status to its creditors. Debtor shall not own or lease any assets other than the Premises, nor engage in any business other than owning and leasing the Premises, including financing the Premises with FFCA. Debtor shall not commingle its assets and its liabilities with those of any other Person.

(2) Debtor shall maintain its own checking account or accounts with commercial banking institutions separate from other Persons.

(3) To the extent that Debtor shares the same employees with other Persons, the salaries of and the expenses related to providing benefits to such employees, at all times shall be, fairly and nonarbitrarily allocated among such Persons, with the result that each such Person shall bear its fair share of the salary and benefit costs associated with all such common employees.

(4) To the extent that Debtor jointly contracts with other Persons to do business with vendors or service providers or to share overhead expenses, the costs incurred in so doing at all times shall be, fairly and nonarbitrarily allocated among such Persons, with the result that each such Person shall bear its fair share of such costs. To the extent that Debtor contracts or does business with vendors or service providers where the goods or services provided are or shall be partially for the benefit of other Persons, the costs incurred in so doing at all times shall be, fairly and nonarbitrarily allocated to or among such Persons for whose benefit the goods or services are provided, with the result that each such Person shall bear its fair share of such costs. All transactions between Debtor and other Persons shall be only on an arm's-length basis.

(5) To the extent that Debtor or other Persons have offices in the same location, there shall be a fair, appropriate and nonarbitrary allocation of overhead among them, with the result that each such Person shall bear its fair share of such expenses.

(6) Debtor shall not incur any indebtedness, secured or unsecured, direct or indirect, absolute or contingent (including guaranteeing any obligation or assuming liability for the debts of any other Person and Debtor will not hold itself out as being liable for the debts of any other Person), other than the Loans and trade and operational debt incurred in the ordinary course of business with trade creditors and in amounts as are normal and reasonable under the circumstances. No indebtedness other than the Loans may be secured (subordinate or *pari passu*) by the Premises or any portion thereof.

(7) Debtor shall not enter into any contract or agreement with any Affiliate of Debtor, any constituent party of Debtor or any Affiliate of any constituent party of Debtor except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arms-length basis with third parties other than any such party.

(8) Except as contemplated by the Loan Documents, Debtor shall not pledge, grant any security interest in, hypothecate or otherwise encumber its assets for the benefit of any other Persons.

(9) Debtor shall issue separate financial statements prepared not less frequently than annually and prepared according to GAAP.

(10) Debtor shall maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character in light of its contemplated business operations.

(11) Debtor shall conduct its affairs strictly in accordance with its organizational documents, including Debtor's corporate organizational documents and shall observe all necessary, appropriate and customary formalities. The books, records and accounts of Debtor shall at all times be maintained in a manner permitting the assets and liabilities of Debtor to be easily separated and readily ascertained from those of any other Person and Debtor shall file its own tax returns.

(12) Debtor shall not hold itself out to the public or to any of its individual creditors as being a unified entity with assets and liabilities in common with any other Person. Debtor shall maintain and utilize separate stationery, invoices and checks.

(13) Debtor shall not make any loans or advances to any third party (including any Affiliate of Debtor or constituent party of Debtor).

(14) Debtor shall not, as to itself or as to other Persons, (i) commence any case, proceeding or other action under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to Debtor or other Persons or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to Debtor or its debts or other Persons or their debts or (ii) seek

appointment of a receiver, trustee, custodian or other similar official for Debtor or for all or any substantial part of its or other Person's

assets or make a general assignment for the benefit of Debtor's creditors. Debtor shall not take any action in furtherance of, or indicating its consents to, approval of or acquiescence in, any of the acts set forth above. Debtor shall not be unable to, or admit in writing its inability to, pay its debts.

8. TRANSACTION CHARACTERIZATION. This Agreement is a contract to extend a financial accommodation (as such term is used in the Code) for the benefit of Debtor. It is the intent of the parties hereto that the business relationship created by this Agreement, the Notes, the Mortgages and the other Loan Documents is solely that of creditor and debtor and has been entered into by both parties in reliance upon the economic and legal bargains contained in the Loan Documents. None of the agreements contained in the Loan Documents is intended, nor shall the same be deemed or construed, to create a partnership (either de jure or de facto) between Debtor, Lessee and FFCA, to make them joint venturers, to make Debtor or Lessee an agent, legal representative, partner, subsidiary or employee of FFCA, nor to make FFCA in any way responsible for the debts, obligations or losses of Debtor or Lessee.

9. CONDITIONS OF CLOSING. The obligation of FFCA to consummate the transaction contemplated by this Agreement is subject to the fulfillment or waiver of each of the following conditions:

A. Title. Fee title to each of the Premises shall be vested in Debtor, free of all liens, encumbrances, restrictions, encroachments and easements, except the Permitted Exceptions and the liens created by the Mortgages and the UCC-1 Financing Statements. Debtor shall be the owner of all of the equipment, trade fixtures, appliances and other personal property located on or at each of the Premises free and clear of all liens, encumbrances, charges and security interests, except the liens created by the Mortgages and the UCC-1 Financing Statements. Upon Closing, FFCA will obtain a valid and perfected first priority lien upon and security interest in Debtor's right, title and interest in and to each of the Premises.

B. Condition of Premises. FFCA shall have inspected and approved the Premises and the equipment located thereon shall be in good condition and repair, free from structural defects, and of good workmanship and materials, and the Premises shall be fully equipped and operational, clean, orderly, sanitary, safe, well-lit, landscaped, decorated, attractive and with a suitable layout, physical plant, traffic pattern and location, all as determined by FFCA in its sole discretion.

C. Evidence of Title. FFCA shall have received for each of the Premises a preliminary title report and irrevocable commitment to insure title in the amount of the Loan relating to such Premises, by means of a mortgagee's, ALTA extended coverage policy of title insurance (or its equivalent, in the event such form is not issued in the jurisdiction where the Premises is located) issued by Title Company showing good and marketable fee title, in such Premises in Debtor, committing to insure FFCA's first priority lien upon and security interest in such Premises subject only to Permitted Exceptions, and containing such endorsements as FFCA may require. FFCA shall also have received evidence reasonably satisfactory to FFCA that Debtor is the owner of all of the equipment, trade fixtures,

appliances and other personal property located on or at each of the Premises free and clear of all liens, encumbrances, charges and security interests, except the liens created by the Mortgages and the UCC-1 Financing Statements.

D. Survey. FFCA shall have received a current ALTA survey of each of the Premises, the form and substance of which shall be satisfactory to FFCA in its sole discretion. Debtor shall have provided

FFCA with evidence satisfactory to FFCA that the location of each of the Premises is not within the 100-year flood plain or identified as a special flood hazard area as defined by the Federal Insurance Administration, or if any Premises is in such a flood plain or special flood hazard area, Debtor shall provide FFCA with evidence of flood insurance maintained on such Premises in amounts and on terms and conditions satisfactory to FFCA.

E. Environmental. FFCA shall have received (i) a Phase I environmental report (and a Phase II environmental report, if necessary, as determined by FFCA in its sole discretion) for each of the Premises, the form, substance and conclusions of which shall be satisfactory to FFCA in its sole discretion, and/or (ii) an Environmental Policy with respect to each of the Premises, as determined by FFCA in its sole discretion.

F. Zoning. Debtor shall have provided FFCA with evidence satisfactory to FFCA that each of the Premises is properly zoned for use as a Permitted Concept and that such use constitutes a legal, conforming use under applicable zoning requirements.

G. Compliance With Representations, Warranties and Covenants. All obligations of Debtor under this Agreement shall have been fully performed and complied with, and no event shall have occurred or condition shall exist which would, upon the Closing Date, or, upon the giving of notice and/or passage of time, constitute a breach or default hereunder or under the Loan Documents or any other agreement between or among FFCA, Debtor or Lessee pertaining to the subject matter hereof, and no event shall have occurred or condition shall exist or information shall have been disclosed by Debtor or discovered by FFCA which has had or would have a material adverse effect on the Premises, Debtor, Lessee or FFCA's willingness to consummate the transaction contemplated by this Agreement, as determined by FFCA in its sole and absolute discretion.

H. Proof of Insurance. Debtor shall have delivered to FFCA certificates of insurance and copies of insurance policies showing that all insurance required by the Loan Documents and providing coverage and limits satisfactory to FFCA are in full force and effect.

I. Opinion of Counsel to Debtor and Lessee. Debtor and Lessee shall have caused Counsel to prepare and deliver an opinion to FFCA in form and substance satisfactory to FFCA and its counsel.

J. Availability of Funds. FFCA presently has sufficient funds to discharge its obligations under this Agreement. In the event that the transaction contemplated by this Agreement does not close on or before the date established for Closing under Section 4(a)

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hereof, FFCA does not warrant that it will thereafter have sufficient funds to consummate the transaction contemplated by this Agreement.

K. Lease; Memoranda. Debtor and Lessee shall have executed and delivered the Lease, and provided FFCA with a copy of a recorded memorandum of lease (collectively, the "Memoranda") for each of the Premises.

L. Closing Documents. At or prior to the Closing Date, FFCA and/or Debtor, as may be appropriate, shall execute and deliver or cause to be executed and delivered to Title Company or FFCA, as may be appropriate, all documents required to be delivered by this Agreement, and such other documents, payments, instruments and certificates, as FFCA may require in form acceptable to FFCA, including, without limitation, the following:

- (1) Notes;
- (2) Mortgages;
- (3) Proof of Insurance;
- (4) Opinion of Counsel to Debtor and Lessee;
- (5) Evidence of satisfactory zoning;
- (6) UCC-1 Financing Statements;
- (7) Environmental Indemnity Agreements; and
- (8) Lease and Memoranda.

Upon fulfillment or waiver of all of the above conditions, FFCA shall deposit funds necessary to close this transaction with the Title Company and this transaction shall close in accordance with the terms and conditions of this Agreement.

10. DEFAULT AND REMEDIES. A. Each of the following shall be deemed an event of default by Debtor (each, an "Event of Default"):

(1) If any representation or warranty of Debtor or Lessee set forth in any of the Loan Documents is false in any material respect, or if Debtor or Lessee renders any false statement or account.

(2) If any principal, interest or other monetary sum due under the Notes, the Mortgages or any other Loan Document is not paid within five days after the date when due; provided, however, notwithstanding the occurrence of such an Event of Default, FFCA shall not be entitled to exercise its rights and remedies set forth below unless and until FFCA shall have given Debtor notice thereof and a period of five days from the delivery of such notice shall have elapsed without such Event of Default being cured.

(3) If Debtor fails to observe or perform any of the other covenants (except with respect to a breach of the Fixed Charge Coverage Ratio, which breach is addressed in subitem (6) below), conditions, or obligations of this Agreement; provided, however, if any such failure does not involve the payment of any monetary sum, is not willful or intentional, does not place any rights or interest in collateral of FFCA in immediate jeopardy, and is within the reasonable power of Debtor to promptly cure after receipt of notice thereof, all as determined by FFCA in its reasonable discretion, then such failure shall not constitute an Event of Default hereunder, unless otherwise expressly provided

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herein, unless and until FFCA shall have given Debtor notice thereof and a period of 30 days shall have elapsed, during which period Debtor may correct or cure such failure, upon failure of which an Event of Default shall be deemed to have occurred hereunder without further notice or demand of any kind being required. If such failure cannot reasonably be cured within such 30-day period, as determined by FFCA in its reasonable discretion, and Debtor is diligently pursuing a cure of such failure, then Debtor shall have a reasonable period to cure such failure beyond such 30-day period, which shall not exceed 90 days after receiving notice of the failure from FFCA. If Debtor shall fail to correct or cure such failure within such 90-day period, an Event of Default shall be deemed to have occurred hereunder without further notice or demand of any kind being required.

(4) If Debtor or Lessee becomes insolvent within the meaning of the Code, files or notifies FFCA that it intends to file a petition under the Code, initiates a proceeding under any similar law or statute relating to bankruptcy, insolvency, reorganization, winding up or adjustment of debts (collectively, an "Action"), becomes the subject of either a petition under the Code or an Action, or is not generally paying its debts as the same become due.

(5) If there is an "Event of Default" under any other Loan

Document, the Lease or a breach or default, after the passage of all applicable notice and cure or grace periods, under any of the Other Agreements.

(6) If there is a breach of the Fixed Charge Coverage Ratio requirement and FFCA shall have given Debtor notice thereof and Debtor shall have failed within a period of 30 days from the delivery of such notice to either (i) pay to FFCA the FCCR Amount (without premium or penalty) with respect to such of the Premises (starting with the Premises with the lowest Fixed Charge Coverage Ratio and proceeding in ascending order to the Premises with the next lowest Fixed Charge Coverage Ratio) as is necessary to cure the breach of the Fixed Charge Coverage Ratio requirement and for which the then Fixed Charge Coverage Ratio (with the definitions in Section 7.B being deemed to be modified as applicable to provide for the calculation of the Fixed Charge Coverage Ratio for each such Premises on an individual basis rather than on an aggregate basis with the other Premises) is below 1.25:1 (each, a "Subject Premises"), (ii) prepay the Note or Notes corresponding to the Subject Premises in whole but not in part (without premium or penalty), or (iii) notify FFCA of Debtor's election to substitute a Substitute Premises for each Subject Premises in accordance with the terms of Section 13 (the failure of Debtor to complete such substitution within 60 days after FFCA shall have given the notice discussed above shall be deemed to be an Event of Default without further notice or demand of any kind being required). For purposes of the preceding sentence, "FCCR Amount" means that sum of money which, when subtracted from the outstanding principal amount of the Note corresponding to a Subject Premises, and assuming the resulting principal balance is reamortized in equal monthly payments over the remaining term of such Note at the rate of interest set forth therein, will result in an adjusted aggregate Fixed Charge Coverage Ratio for all of the Premises of at least 1.25:1 based on the prior year's operations. Promptly after Debtor's payment of the FCCR Amount, Debtor and FFCA shall execute an amendment to each such Note in form and substance reasonably acceptable to FFCA reducing the principal amount payable to FFCA under such Note and reamortizing the principal amount of such Note in

equal monthly payments over the then remaining term of such Note at the rate of interest set forth therein.

Notwithstanding the foregoing, to the extent that, in accordance with the provisions of Section 7.B, FFCA shall have imposed an aggregate Fixed Charge Coverage Ratio requirement with respect to all of the Premises corresponding to the Loans in any Loan Pool, then, in order to prevent an Event of Default from occurring by reason of a breach of such aggregate Fixed Charge Coverage Ratio requirement, Debtor must either (i) pay to FFCA the Modified FCCR Amount (without premium or penalty) within the aforesaid 30 day period with respect to such of the Premises corresponding to the Loans in such Loan Pool (starting with the Premises with the lowest Fixed Charge Coverage Ratio and proceeding in ascending order to the Premises with the next lowest Fixed Charge Coverage Ratio) as is necessary to cure the breach of such aggregate Fixed Charge Coverage Ratio requirement and for which the then Fixed Charge Coverage Ratio (with the definitions relating to the Fixed Charge Coverage Ratio being deemed to be modified as applicable to provide for the calculation of the Fixed Charge Coverage Ratio for each such Premises on an individual basis rather than on an aggregate basis with the other Premises corresponding to the Loans in such Securitized Loan Pool) is below 1.25:1 (each a "Selected Premises"), (ii) prepay the Note or Notes corresponding to the Selected Premises in whole but not in part (without premium or penalty) within the aforesaid 30 day period, or (iii) notify FFCA of Debtor's election to substitute a Substitute Premises for each Selected Premises in accordance with the terms of

Section 13 (the failure of Debtor to complete such substitution within 60 days after FFCA shall have given Debtor the notice discussed above shall be deemed to be an Event of Default without further notice or demand of any kind being required). For purposes of the preceding sentence, "Modified FCCR Amount" means that sum of money which, when subtracted from the outstanding principal amount of the Note corresponding to a Selected Premises, and assuming the resulting principal balance is reamortized in equal monthly payments over the remaining term of such Note at the rate of interest set forth therein, will result in an adjusted aggregate Fixed Charge Coverage Ratio for all of the Premises corresponding to the Loans in such Loan Pool of at least 1.25:1 based on the prior year's operations. Promptly after Debtor's payment of the Modified FCCR Amount, Debtor and FFCA shall execute an amendment to each such Note in form and substance reasonably acceptable to FFCA reducing the principal amount payable to FFCA under such Note and reamortizing the principal amount of such Note in equal monthly payments over the then remaining term of such Note at the rate of interest set forth therein.

B. Upon the occurrence of an Event of Default, subject to the limitations set forth in subsection A, FFCA may declare all or any part of the obligations of Debtor under the Notes, this Agreement and any other Loan Document to be due and payable, and the same shall thereupon become due and payable without any presentment, demand, protest or notice of any kind except as otherwise expressly provided herein, and Debtor hereby waives notice of intent to accelerate the obligations secured by the Mortgages and notice of acceleration. Thereafter, FFCA may exercise, at its option, concurrently, successively or in any combination, all remedies available at law or in equity, including without limitation any one or more of the remedies available under the Notes, the Mortgages or any other Loan Document. Neither the acceptance of this Agreement nor its enforcement shall prejudice or in any manner affect FFCA's right to realize upon or enforce any other security now or hereafter held by FFCA, it being agreed that

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FFCA shall be entitled to enforce this Agreement and any other security now or hereafter held by FFCA in such order and manner as it may in its absolute discretion determine. No remedy herein conferred upon or reserved to FFCA is intended to be exclusive of any other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Loan Documents to FFCA, or to which FFCA may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by FFCA.

11. ASSIGNMENTS. A. FFCA may assign in whole or in part its rights under this Agreement, including, without limitation, in connection with any Transfer, Participation and/or Securitization. Upon any unconditional assignment of FFCA's entire right and interest hereunder, FFCA shall automatically be relieved, from and after the date of such assignment, of liability for the performance of any obligation of FFCA contained herein.

B. Debtor shall not, without the prior written consent of FFCA, sell, assign, transfer, mortgage, convey, encumber or grant any easements or other rights or interests of any kind in the Premises, any of Debtor's rights under this Agreement or any interest in Debtor, whether voluntarily, involuntarily or by operation of law or otherwise, including, without limitation, by merger, consolidation, dissolution or otherwise, except, subsequent to the Closing, as expressly permitted by the Mortgages.

12. INDEMNITY. Debtor agrees to indemnify, hold harmless and defend FFCA and its directors, officers, shareholders, employees, successors, assigns, agents, contractors, subcontractors, experts, licensees, affiliates, lessees, lenders, mortgagees, trustees and invitees, as applicable (collectively, the "Indemnified Parties"), for, from and against any and all losses, costs, claims, liabilities, damages and expenses, including, without limitation, reasonable attorneys' fees and court costs, arising as the result of an Environmental

Condition and/or a breach of any of the representations, warranties, covenants, agreements or obligations of Debtor set forth in this Agreement or any other Loan Document. Without limiting the generality of the foregoing, such indemnity shall include, without limitation, any engineering, governmental inspection and reasonable attorneys' fees and expenses that the Indemnified Parties may incur by reason of any representation set forth in this Agreement being false, or by reason of any investigation or claim of any Governmental Authority in connection therewith.

13. SUBSTITUTION. Debtor shall have the right to obtain a release of all liens granted in favor of FFCA with respect to a Premises by substituting a Substitute Premises for such Premises if permitted by the terms of Section 10.A(6), subject to fulfillment of the following conditions:

(i) Debtor shall provide FFCA with notice of its intention to substitute a Substitute Premises within the applicable 30 day period contemplated by Section 10.A(6) and the closing of the substitution shall take place within the applicable 60 day period contemplated by such subsection.

(ii) Debtor must provide for the substitution of a Substitute Premises, and the proposed Substitute Premises must:

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(1) be a Permitted Concept, in good condition and repair, ordinary wear and tear excepted;

(2) have for the twelve month period preceding the date of the closing of such substitution a Fixed Charge Coverage Ratio (with the definitions of Section 7.B being deemed to be modified if necessary and as applicable to provide for a calculation of the Fixed Charge Coverage Ratio for each of the Premises on an individual basis rather than on an aggregate basis with the other Premises) at least equal to the Fixed Charge Coverage Ratio for the Premises being replaced and the substitution must not cause a breach of any Fixed Charge Coverage Ratio requirement otherwise set forth in this Agreement;

(3) be owned in fee simple by Debtor;

(4) Debtor's right, title and interest in and to each proposed Substitute Premises shall be free and clear of all liens, restrictions, easements and encumbrances, except such matters as are acceptable to FFCA (the "Substitute Premises Permitted Exceptions"); and

(5) have a fair market value no less than the greater of the then fair market value of the Premises to be replaced or the fair market value of such Premises as of the Closing, all as reasonably determined by FFCA's in-house inspectors and underwriters.

(iii) FFCA shall have inspected and approved the Substitute Premises utilizing FFCA customary site inspection and underwriting approval criteria. Debtor shall have reimbursed FFCA for all of its actual out-of-pocket costs and expenses incurred with respect to such proposed substitution, including, without limitation, FFCA's third-party and/or in-house site inspectors' costs and expenses with respect to the proposed Substitute Premises. Debtor shall be solely responsible for the payment of all costs and expenses resulting from such proposed substitution, including, without limitation, the cost of title insurance and endorsements, survey charges, stamp taxes, mortgage taxes, transfer fees, escrow and recording fees, the cost of environmental reports and/or environmental insurance and the attorneys' fees and expenses of counsel to Debtor and FFCA.

(iv) FFCA shall have received a preliminary title report and irrevocable commitment to insure title in the amount of the then outstanding principal balance of the Loan relating to the Premises to be replaced by means of a mortgagee's ALTA extended coverage policy of title insurance (or its equivalent, in the event such form is not issued in the jurisdiction where the proposed Substitute Premises is located) for such proposed Substitute Premises issued by Title Company showing good and marketable title in Debtor and committing to insure FFCA's first priority lien upon and security interest in the proposed Substitute Premises, subject only to the Substitute Premises Permitted Exceptions and containing endorsements substantially comparable to those required by FFCA at the Closing.

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(v) FFCA shall have received a current ALTA survey of such proposed Substitute Premises, the form of which shall be comparable to those received by FFCA at the Closing and sufficient to cause the standard survey exceptions set forth in the title policy referred to in the preceding subsection to be deleted, and disclosing no matters other than the Substitute Premises Permitted Exceptions.

(vi) FFCA shall have received a Phase I environmental report (and a Phase II environmental report, if necessary, as determined by FFCA in its sole discretion) and/or an environmental insurance policy with respect to such proposed Substitute Premises, which (A) environmental report(s) shall conform in scope to the then customary standards for lenders making loans secured by commercial real estate, which shall conclude that there is no Environmental Condition affecting the proposed Substitute Premises, and (B) environmental insurance policy shall be in form and substance and issued by such environmental insurance company as is acceptable to FFCA in its sole discretion.

(vii) Debtor shall deliver, or cause to be delivered, with respect to Debtor, Lessee and the Substitute Premises, opinions of Counsel in form and substance comparable to those received at Closing (but also addressing such matters unique to the Substitute Premises as may be reasonably required by FFCA).

(viii) no Event of Default shall have occurred under any of the Loan Documents.

(ix) Debtor and Lessee shall have executed such documents as are comparable to the security documents executed and delivered at Closing, as applicable (but with such revisions as may be reasonably required by FFCA to address matters unique to the Substitute Premises) or amendments to such documents, including, without limitation, a Mortgage; Lease and UCC-1 Financing Statements (the "Substitute Documents"), to provide FFCA with a first priority lien on the proposed Substitute Premises (or with respect to proposed Substitute Premises subject to ground leases, a first priority lien on the improvements located at such proposed Substitute Premises and Debtor's leasehold interest in the land thereunder), subject only to the Substitute Premises Permitted Exceptions, and all other rights, remedies and benefits with respect to the proposed Substitute Premises which FFCA holds in the Premises to be replaced, all of which documents shall be in form and substance reasonably satisfactory to FFCA.

(x) the representations and warranties set forth in the Substitute Documents and Section 6 of this Agreement applicable to the proposed Substitute Premises shall be true and correct in all material respects as of the date of substitution (with appropriate modifications consistent with the foregoing provisions of this Section to reflect proposed Substitute Premises subject to ground leases), and Debtor shall have delivered to FFCA an officer's certificate certifying to

that effect.

(xi) Debtor shall have delivered to FFCA certificates of insurance and insurance policies showing that insurance required by the Substitute Documents is in full force and effect.

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Upon satisfaction of the foregoing conditions with respect to the release of a Premises:

(a) the proposed Substitute Premises shall be deemed substituted for the Premises to be replaced;

(b) the Loan Amount for the Substitute Premises shall be the same as for the replaced Premises;

(c) the Substitute Premises shall be referred to herein as a "Premises" and included within the definition of "Premises" and shall secure the same Obligations (as defined in the Mortgages) as were secured by the Premises that were replaced;

(d) the Substitute Documents shall be dated as of the date of the substitution; and

(e) FFCA will release, or cause to be released, the lien of the applicable Mortgage, UCC-1 Financing Statements and any other Loan Documents encumbering the replaced Premises.

14. MISCELLANEOUS PROVISIONS.

A. Notices. All notices, consents, approvals or other instruments required or permitted to be given by either party pursuant to this Agreement shall be in writing and given by (i) hand delivery, (ii) facsimile (with a copy by overnight delivery service), (iii) express overnight delivery service or (iv) certified or registered mail, return receipt requested, and shall be deemed to have been delivered upon (a) receipt, if hand delivered, (b) transmission, if delivered by facsimile, (c) the next Business Day, if delivered by express overnight delivery service, or (d) the third Business Day following the day of deposit of such notice with the United States Postal Service, if sent by certified or registered mail, return receipt requested. Notices shall be provided to the parties and addresses (or facsimile numbers, as applicable) specified below:

If to Debtor: FDA Properties, Inc.
 7657 Anagram Drive
 Eden Prairie, MN 55344
 Attention: Chief Financial Officer
 Telephone: (612) 294-1305
 Telecopy: (612) 294-1323

If to FFCA: Dennis L. Ruben, Esq.
 Executive Vice President, General Counsel
 and Secretary
 FFCA Funding Corporation
 17207 North Perimeter Drive
 Scottsdale, AZ 85255
 Telephone: (480) 585-4500
 Telecopy: (480) 585-2226

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B. Real Estate Commission. FFCA and Debtor represent and warrant to each other that they have dealt with no real estate or mortgage broker, agent, finder or other intermediary in connection with the transactions contemplated by this Agreement. FFCA and Debtor shall

indemnify and hold each other harmless from and against any costs, claims or expenses, including attorneys' fees, arising out of the breach of their respective representations and warranties contained within this Section.

C. Waiver and Amendment. No provisions of this Agreement shall be deemed waived or amended except by a written instrument unambiguously setting forth the matter waived or amended and signed by the party against which enforcement of such waiver or amendment is sought. Waiver of any matter shall not be deemed a waiver of the same or any other matter on any future occasion.

D. Captions. Captions are used throughout this Agreement for convenience of reference only and shall not be considered in any manner in the construction or interpretation hereof.

E. FFCA's Liability. Notwithstanding anything to the contrary provided in this Agreement, it is specifically understood and agreed, such agreement being a primary consideration for the execution of this Agreement by FFCA, that (i) there shall be absolutely no personal liability on the part of any shareholder, director, officer or employee of FFCA, with respect to any of the terms, covenants and conditions of this Agreement or the other Loan Documents, (ii) Debtor waives all claims, demands and causes of action against FFCA's officers, directors, employees and agents in the event of any breach by FFCA of any of the terms, covenants and conditions of this Agreement or the other Loan Documents to be performed by FFCA and (iii) Debtor shall look solely to the assets of FFCA for the satisfaction of each and every remedy of Debtor in the event of any breach by FFCA of any of the terms, covenants and conditions of this Agreement or the other Loan Documents to be performed by FFCA, such exculpation of liability to be absolute and without any exception whatsoever.

F. Severability. The provisions of this Agreement shall be deemed severable. If any part of this Agreement shall be held unenforceable, the remainder shall remain in full force and effect, and such unenforceable provision shall be reformed by such court so as to give maximum legal effect to the intention of the parties as expressed therein.

G. Construction Generally. This is an agreement between parties who are experienced in sophisticated and complex matters similar to the transaction contemplated by this Agreement and is entered into by both parties in reliance upon the economic and legal bargains contained herein and shall be interpreted and construed in a fair and impartial manner without regard to such factors as the party which prepared the instrument, the relative bargaining powers of the parties or the domicile of any party. Debtor and FFCA were each represented by legal counsel competent in advising them of their obligations and liabilities hereunder.

H. Other Documents. Each of the parties agrees to sign such other and further documents as may be appropriate to carry out the intentions expressed in this Agreement.

I. Attorneys' Fees. In the event of any judicial or other adversarial proceeding between the parties concerning this Agreement, the prevailing party shall be entitled to recover its attorneys' fees and other costs in addition to any other relief to which it may be entitled. References in this Agreement to the attorneys' fees and/or costs of FFCA shall mean both the fees and costs of independent outside counsel retained by FFCA with respect to this transaction and the fees and costs of FFCA's in-house counsel incurred in connection with this transaction.

J. Entire Agreement. This Agreement and the other Loan Documents, together with any other certificates, instruments or agreements to be delivered in connection therewith, constitute the entire agreement between the parties with respect to the subject matter hereof, and there are no other representations, warranties or agreements, written or oral, between Debtor, Lessee and FFCA with respect to the subject matter of this Agreement. Notwithstanding anything in this Agreement to the contrary, upon the execution and delivery of this Agreement by Debtor and FFCA, the Commitment shall be deemed null and void and of no further force and effect and the terms and conditions of this Agreement shall control notwithstanding that such terms and conditions may be inconsistent with or vary from those set forth in the Commitment.

K. Forum Selection; Jurisdiction; Venue; Choice of Law. Debtor acknowledges that this Agreement was substantially negotiated in the State of Arizona, the Agreement was signed by FFCA in the State of Arizona and delivered by Debtor in the State of Arizona, all payments under the Notes will be delivered in the State of Arizona and there are substantial contacts between the parties and the transactions contemplated herein and the State of Arizona. For purposes of any action or proceeding arising out of this Agreement, the parties hereto hereby expressly submit to the jurisdiction of all federal and state courts located in the State of Arizona and Debtor consents that it may be served with any process or paper by registered mail or by personal service within or without the State of Arizona in accordance with applicable law. Furthermore, Debtor waives and agrees not to assert in any such action, suit or proceeding that it is not personally subject to the jurisdiction of such courts, that the action, suit or proceeding is brought in an inconvenient forum or that venue of the action, suit or proceeding is improper. It is the intent of the parties hereto that all provisions of this Agreement shall be governed by and construed under the laws of the State of Arizona, without giving effect to its principles of conflicts of law. To the extent that a court of competent jurisdiction finds Arizona law inapplicable with respect to any provisions hereof, then, as to those provisions only, the laws of the states where the Premises are located shall be deemed to apply. Nothing in this Section shall limit or restrict the right of FFCA to commence any proceeding in the federal or state courts located in the states in which the Premises are located to the extent FFCA deems such proceeding necessary or advisable to exercise remedies available under this Agreement or the other Loan Documents.

L. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original.

M. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Debtor and FFCA and their respective successors and permitted assigns,

including, without limitation, any United States trustee, any debtor in possession or any trustee appointed from a private panel.

N. Survival. Except for the conditions of Closing set forth in Section 9, which shall be satisfied or waived as of the Closing Date, all representations, warranties, agreements, obligations and indemnities of Debtor and FFCA set forth in this Agreement shall survive the Closing.

O. Waiver of Jury Trial and Punitive, Consequential, Special and Indirect Damages. DEBTOR AND FFCA HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY AND ALL ISSUES PRESENTED IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR ITS SUCCESSORS WITH RESPECT TO ANY MATTER ARISING OUT OF

OR IN CONNECTION WITH THIS AGREEMENT OR ANY DOCUMENT CONTEMPLATED HEREIN OR RELATED HERETO. THIS WAIVER BY THE PARTIES HERETO OF ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY HAS BEEN NEGOTIATED AND IS AN ESSENTIAL ASPECT OF THEIR BARGAIN. FURTHERMORE, DEBTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT IT MAY HAVE TO SEEK PUNITIVE, CONSEQUENTIAL, SPECIAL AND INDIRECT DAMAGES FROM FFCA AND ANY OF FFCA'S AFFILIATES, OFFICERS, DIRECTORS OR EMPLOYEES OR ANY OF THEIR SUCCESSORS WITH RESPECT TO ANY AND ALL ISSUES PRESENTED IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY DEBTOR AGAINST FFCA OR ANY OF FFCA'S AFFILIATES, OFFICERS, DIRECTORS OR EMPLOYEES OR ANY OF THEIR SUCCESSORS WITH RESPECT TO ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY DOCUMENT CONTEMPLATED HEREIN OR RELATED HERETO. THE WAIVER BY DEBTOR OF ANY RIGHT IT MAY HAVE TO SEEK PUNITIVE, CONSEQUENTIAL, SPECIAL AND INDIRECT DAMAGES HAS BEEN NEGOTIATED BY THE PARTIES HERETO AND IS AN ESSENTIAL ASPECT OF THEIR BARGAIN.

P. Transfers, Participations and Securitization. (1) A material inducement to FFCA's willingness to complete the transactions contemplated by the Loan Documents is Debtor's agreement that FFCA may, at any time, complete a Transfer, Participation or Securitization with respect to any Note, Mortgage and/or any of the other Loan Documents or any or all servicing rights with respect thereto.

(2) Debtor agrees to cooperate in good faith with FFCA in connection with any such Transfer, Participation and/or Securitization of any Note, Mortgage and/or any of the other Loan Documents, or any or all servicing rights with respect thereto, including, without limitation, (i) providing such documents, financial and other data, and other information and materials (the "Disclosures") which would typically be required with respect to Debtor and Lessee by a purchaser, transferee, assignee, servicer, participant, investor or rating agency involved with respect to such Transfer, Participation and/or Securitization, as applicable; provided, however, Debtor and Lessee shall not be required to make Disclosures of any

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confidential information or any information which has not previously been made public unless required by applicable federal or state securities laws; and (ii) amending the terms of the transactions evidenced by the Loan Documents to the extent necessary so as to satisfy the requirements of purchasers, transferees, assignees, servicers, participants, investors or selected rating agencies involved in any such Transfer, Participation or Securitization, so long as such amendments would not have a material adverse effect (financial or otherwise) upon Debtor and Lessee or the transactions contemplated hereunder.

(3) Debtor consents to FFCA providing the Disclosures, as well as any other information which FFCA may now have or hereafter acquire with respect to the Premises or the financial condition of Debtor and Lessee to each purchaser, transferee, assignee, servicer, participant, investor or rating agency involved with respect to such Transfer, Participation and/or Securitization, as applicable. FFCA and Debtor (and their respective Affiliates) shall each pay their own attorneys' fees and other out-of-pocket expenses incurred in connection with the performance of their respective obligations under this Section; provided, however, subsequent to the first such Transfer, Participation and/or Securitization, FFCA will pay Debtor's reasonable attorneys' fees and other out-of-pocket expenses in connection with such subsequent Transfer, Participation and/or Securitization.

(4) Notwithstanding anything to the contrary contained in this Agreement or the other Loan Documents:

(a) a breach or default, after the passage of all

applicable notice and cure or grace periods, under any Loan Document, Lease or Other Agreement which relates to a loan or sale/leaseback transaction which has not been the subject of a Securitization, Participation or Transfer shall not constitute an Event of Default or a breach or default, as applicable, under any Loan Document or Other Agreement which relates to a loan which has been the subject of a Securitization, Participation or Transfer;

(b) a breach or default, after the passage of all applicable notice and cure or grace periods, under any Loan Document, Lease or Other Agreement which relates to a loan which is included in any Loan Pool shall not constitute an Event of Default or a breach or default, as applicable, under any Loan Document or Other Agreement which relates to a loan which is included in any other Loan Pool;

(c) the Loan Documents corresponding to the Notes in any Loan Pool shall not secure the obligations of any of the Debtor Entities contained in any Loan Document or Other Agreement which does not correspond to a loan in such Loan Pool; and

(d) the Loan Documents and Other Agreements which do not correspond to a loan in any Loan Pool shall not secure the obligations of any of the Debtor Entities contained in any Loan Document or Other Agreement which does correspond to a loan in such Loan Pool.

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IN WITNESS WHEREOF, Debtor and FFCA have entered into this Agreement as of the date first above written.

FFCA ACQUISITION CORPORATION,
a Delaware corporation

By: /s/ Patrick J. Feltes

Printed Name: Patrick J. Feltes

Title: VP

DEBTOR:

MINWOOD PARTNERS, INC.,
a Delaware corporation

By: /s/ Martin J. O'Dowd

Printed Name: Martin J. O'Dowd

Title: President

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STATE OF ARIZONA
COUNTY OF MARICOPA

)
) SS.
)

The foregoing instrument was acknowledged before me on July 26, 2000 by Patrick J. Feltes, Vice President of FFCA Funding Corporation, a Delaware corporation, on behalf of the corporation.

/s/ Kelly A. Hallford

Notary Public

My Commission Expires:

7/9/2002

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me on July 25, 2000 by Martin J. O'Dowd, President of FDA Properties, Inc., a Delaware corporation, on behalf of the corporation.

/s/ Rita A. Witting

Notary Public

My Commission Expires:

1-31-05

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EXHIBIT A

DESCRIPTION OF PREMISES; ALLOCATED LOAN AMOUNT

FFCA NO.	ADDRESS	AMOUNT
8001-1612	1631 West Lake Street Addison, IL	\$1,600,000.00
8001-1614	2750 Pine Lake Road Lincoln, NE	\$1,900,000.00

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EXHIBIT A-1

LEGAL DESCRIPTION

MASTER LEASE

THIS LEASE (this "Lease") is made as of August 4, 2000 (the "Effective Date"), by and between FDA PROPERTIES, INC., a Delaware corporation ("Lessor"), whose address is 7657 Anagram Drive, Eden Prairie, Minnesota 55344, and FAMOUS DAVE'S OF AMERICA, INC., a Minnesota corporation ("Lessee"), whose address is 7657 Anagram Drive, Eden Prairie, Minnesota 55344.

WITNESSETH:

THAT, in consideration of the mutual covenants and agreements herein contained, Lessor and Lessee hereby covenant and agree as follows:

1. CERTAIN DEFINED TERMS. The following terms shall have the following meanings for all purposes of this Lease:

"Action" has the meaning set forth in Section 24.A(iv).

"ADA" has the meaning set forth in Section 16.C.

"Additional Rental" has the meaning set forth in Section 5.B.

"Affiliate" means any Person which directly or indirectly controls, is under common control with or is controlled by any other Person. For purposes of this definition, "controls", "under common control with", and "controlled by" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or otherwise.

"Applicable Regulations" has the meaning set forth in Section 16.A.

"Base Annual Rental" means \$414,681.24.

"Base Monthly Rental" means an amount equal to 1/12 of the applicable Base Annual Rental.

"Business Day" means a day on which banks located in Phoenix, Arizona are open for business other than Saturday, Sunday or a legal holiday, ending at 5:00 p.m. Phoenix, Arizona time.

"Capital Lease" has the meaning set forth in Section 55.

"Code" means the United States Bankruptcy Code, 11 U.S.C. Sec. 101 et seq., as amended.

"De Minimis Amounts" shall mean, with respect to any given level of Hazardous Materials, that level or quantity of Hazardous Materials in any form or combination of forms the

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use, storage or release of which does not constitute a violation of any Environmental Laws and is customarily employed in the ordinary course of, or associated with, similar businesses located in the state in which the Premises is located.

"Debt" has the meaning set forth in Section 55.

"Default Rate" means 15% per annum or the highest rate permitted by law, whichever is less.

"Depreciation and Amortization" has the meaning set forth in Section 55.

"Environmental Insurer" means American International Specialty Lines

Insurance Company or such other environmental insurance company as Lender shall select in its sole discretion.

"Environmental Laws" means any present and future federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law, relating to Hazardous Materials and/or the protection of human health or the environment, by reason of a Release or Threatened Release of Hazardous Materials or relating to liability for or costs of Remediation or prevention of Releases. "Environmental Laws" includes, but is not limited to, the following statutes, as amended, any successor thereto, and any regulations, rulings, orders or decrees promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: the Comprehensive Environmental Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Hazardous Materials Transportation Act; the Resource Conservation and Recovery Act (including but not limited to Subtitle I relating to underground storage tanks); the Solid Waste Disposal Act; the Clean Water Act; the Clean Air Act; the Toxic Substances Control Act; the Safe Drinking Water Act; the Occupational Safety and Health Act; the Federal Water Pollution Control Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; the National Environmental Policy Act; and the River and Harbors Appropriation Act. "Environmental Laws" also includes, but is not limited to, any present and future federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law: conditioning transfer of property upon a negative declaration or other approval of a Governmental Authority of the environmental condition of the property; requiring notification or disclosure of Releases or other environmental condition of the Premises to any Governmental Authority or other person or entity, whether or not in connection with transfer of title to or interest in property; imposing conditions or requirements relating to Hazardous Materials in connection with permits or other authorization for lawful activity; relating to nuisance, trespass or other causes of action related to Hazardous Materials; relating to the handling and disposal of solid or hazardous waste; and relating to wrongful death, personal injury, or property or other damage in connection with the physical condition or use of the Premises by reason of the presence of Hazardous Materials in, on, under or above the Premises.

"Environmental Liens" has the meaning set forth in Section 16.E.

"Equipment Payment Amount" has the meaning set forth in Section 55.

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"Event of Default" has the meaning set forth in Section 23.

"Fixed Charge Coverage Ratio" has the meaning set forth in Section 55.

"Franchise Finance" means Franchise Finance Corporation of America, a Delaware corporation, and its successors and assigns.

"GAAP" means generally accepted accounting principles consistently applied.

"Governmental Authority" means any governmental authority, agency, department, commission, bureau, board, instrumentality, court or quasi-governmental authority of the United States, the State or any political subdivision thereof.

"Gross Sales" has the meaning set forth in Section 55.

"Hazardous Materials" means (i) any toxic substance or hazardous waste, substance, solid waste, or related material, or any pollutant or contaminant; (ii) radon gas, asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contains dielectric fluid containing levels of polychlorinated biphenyls in excess of federal, state or local safety guidelines, whichever are more stringent, or any petroleum product; (iii) any substance, gas, material or chemical which is or may be defined as or included in the definition of "hazardous substances,"

"toxic substances," "hazardous materials," "hazardous wastes," "regulated substances" or words of similar import under any Environmental Laws; and (iv) any other chemical, material, gas or substance the exposure to or release of which is or may be prohibited, limited or regulated by any Governmental Authority that asserts or may assert jurisdiction over the Premises or the operations or activity at the Premises, or any chemical, material, gas or substance that does or may pose a hazard to the health and/or safety of the occupants of the Premises or the owners and/or occupants of property adjacent to or surrounding the Premises.

"Indemnified Parties" means Lessor, Environmental Insurer and Lender and their directors, officers, shareholders, partners, members, employees, agents, servants, representatives, contractors, subcontractors, affiliates, subsidiaries, participants, successors and assigns, including, but not limited to, any successors by merger, consolidation or acquisition of all or a substantial portion of the assets and business of Lessor, Lender or Environmental Insurer, as applicable.

"Interest Expense" has the meaning set forth in Section 55.

"Lease FCCR Payment" has the meaning set forth in Section 23.A(xii).

"Lease Term" shall have the meaning described in Section 4.

"Lender" means FFCA Funding Corporation, a Delaware corporation.

"Loan Agreement" means the Loan Agreement dated as of the date of this Lease in effect between Lessor and Lender, as such agreement may be amended from time to time.

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"Loan Documents" means, collectively, the Loan Agreement, the Notes, the Mortgages, the UCC-1 Financing Statements and all other documents, instruments and agreements executed in connection therewith or contemplated thereby, all as amended and supplemented.

"Loan FCCR Payment" has the meaning set forth in Section 23.A(xii).

"Losses" means any and all claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages, losses, costs, expenses, diminutions in value, fines, penalties, charges, fees, expenses, judgments, awards, amounts paid in settlement and damages of whatever kind or nature (including, without limitation, attorneys' fees, court costs and other costs of defense).

"Memorandum of Lease" means the Memorandum of Lease dated as of the date of this Lease between Lessor and Lessee with respect to the Premises. A duplicate original Memorandum of Lease will be executed and recorded in the applicable real property records for each of the Premises. Each Memorandum of Lease will contain the legal description for the related Premises.

"Mortgages" means the mortgages or deeds of trust, assignments of rents and leases, security agreements and fixture filings dated as of even date herewith executed by Lessor for the benefit of Lender with respect to the Premises, as such instrument may be amended, restated and/or supplemented from time to time.

"Net Amount" has the meaning set forth in Section 21.B.

"Net Income" has the meaning set forth in Section 55.

"Notes" means the promissory notes dated as of the date of this Lease executed by Lessor and payable to Lender with respect to each Premises, as such notes may be amended, restated and/or substituted from time to time.

"Operating Lease Expense" has the meaning set forth in Section 55.

"Partial Taking" has the meaning set forth in Section 21.D.

"Permitted Concept" means a Famous Dave's restaurant or other restaurant or retail concept approved in writing by Lender and Lessor in their reasonable discretion.

"Person" means any individual, corporation, partnership, limited liability company, trust, unincorporated organization, Governmental Authority or any other form of entity.

"Personalty" has the meaning set forth in Section 29.

"Premises" means the parcel or parcels of real estate corresponding to the FFCA File Numbers and addresses identified on Exhibit A and legally described in Exhibit A-1 attached hereto, all rights, privileges and appurtenances associated therewith, and all buildings, fixtures and other improvements.

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"Release" means any presence, release, deposit, discharge, emission, leaking, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Materials.

"Remediation" means any response, remedial, removal, or corrective action, any activity to cleanup, detoxify, decontaminate, contain or otherwise remediate any Hazardous Material, any actions to prevent, cure or mitigate any Release, any action to comply with any Environmental Laws or with any permits issued pursuant thereto, any inspection, investigation, study, monitoring, assessment, audit, sampling and testing, laboratory or other analysis, or any evaluation relating to any Hazardous Materials.

"Securitization" shall have the meaning set forth in the Loan Agreement.

"Securitized Loan Pool" means any pool or group of loans that are a part of any Securitization.

"State" means the state in which the Premises are located.

"Substitute Premises" shall have the meaning set forth in the Loan Agreement.

"Successor Lessor" has the meaning set forth in Section 24.

"Taking" has the meaning set forth in Section 21.A.

"Temporary Taking" has the meaning set forth in Section 21.C.

"Threatened Release" means a substantial likelihood of a Release which requires action to prevent or mitigate damage to the soil, surface waters, groundwaters, land, stream sediments, surface or subsurface strata, ambient air or any other environmental medium comprising or surrounding the Premises which may result from such Release.

"Total Taking" has the meaning set forth in Section 21.B.

"UCC-1 Financing Statements" means such UCC-1 Financing Statements executed and delivered by Lessee for the benefit of Lessor with respect to the Premises.

2. DEMISE OF PREMISES. In consideration of the rentals and other sums to be paid by Lessee and of the other terms, covenants and conditions on Lessee's part to be kept and performed, Lessor hereby leases to Lessee, and Lessee hereby takes and hires, the Premises.

3. CHARACTERIZATION OF LEASE. A. Lessor and Lessee intend that:

(i) this Lease constitutes a single master lease of all, but not less than all, of the Premises and that Lessor and Lessee have executed and delivered this Lease with the understanding that this Lease constitutes a unitary, unseverable instrument pertaining to all, but not less than all, of the Premises, and that neither this Lease nor the duties, obligations or rights of Lessee may be allocated or otherwise divided among the Premises by Lessee;

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(ii) this Lease is a "true lease" and not a financing lease, capital lease, mortgage, equitable mortgage, deed of trust, trust agreement, security agreement or other financing or trust arrangement, and the economic realities of this Lease are those of a true lease, and the parties agree to execute such other documents to confirm this Lease is a true lease; and

(iii) the business relationship created by this Lease and any related documents is solely that of a long-term commercial lease between landlord and tenant and has been entered into by both parties in reliance upon the economic and legal bargains contained herein.

B. Lessor and Lessee acknowledge and agree that the Lease Term, including any term extensions provided for in this Lease, is less than the remaining economic life of each of the Premises.

C. Lessee waives any claim or defense based upon the characterization of this Lease as anything other than a true lease, and Lessee stipulates and agrees not to challenge the validity, enforceability or characterization of the lease of the Premises as a true lease and further stipulates and agrees that nothing contained in this Lease creates or is intended to create a joint venture, partnership (either de jure or de facto), equitable mortgage, trust, financing device or arrangement, security interest or the like. Lessee shall support the intent of the parties that the lease of the Premises pursuant to this Lease is a true lease and does not create a joint venture, partnership (either de jure or de facto), equitable mortgage, trust, financing device or arrangement, security interest or the like, if, and to the extent that, any challenge occurs.

D. Lessee waives any claim or defense based upon the characterization of this Lease as anything other than a master lease of all of the Premises, and Lessee stipulates and agrees not to challenge the validity, enforceability or characterization of the lease of the Premises as a unitary, unseverable instrument pertaining to the lease of all, but not less than all, of the Premises. Lessee shall support the intent of the parties that this Lease is a unitary, unseverable instrument pertaining to the lease of all, but not less than all, of the Premises.

E. The expressions of intent set forth in this Section are a material inducement to Lessor entering into this Lease.

4. LEASE TERM. The Lease Term shall commence as of the Effective Date and shall expire on the date which is twenty years and six months after the last day of the month in which the Effective Date occurs unless terminated sooner as provided in this Lease. The time period during which this Lease shall actually be in effect is referred to herein as the "Lease Term."

5. RENTAL AND OTHER PAYMENTS. A. If the Effective Date is a date other than the first day of the month, Lessee shall pay Lessor on the Effective Date the Base Monthly Rental prorated on the basis of the ratio that the number of days from the Effective Date through the last day in the month containing the Effective Date bears to the number of days in such month. Thereafter, on or before the first day of each succeeding calendar month, Lessee shall pay Lessor in advance the Base Monthly Rental.

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B. All sums of money required to be paid by Lessee under this Lease which are not specifically referred to as rent ("Additional Rental") shall be considered rent although not specifically designated as such. Lessor shall have the same remedies for nonpayment of Additional Rental as those provided herein for the nonpayment of Base Annual Rental.

6. REPRESENTATIONS AND WARRANTIES OF LESSOR. The representations and warranties of Lessor contained in this Section are being made to induce Lessee to enter into this Lease and Lessee has relied and will continue to rely upon such representations and warranties. Lessor represents and warrants to Lessee as follows:

A. Organization, Authority and Status of Lessor. (i) Lessor has been duly organized and is validly existing and in good standing under the laws of the State of Delaware and is qualified to do business in any jurisdiction where such qualification is required. All necessary action has been taken to authorize the execution, delivery and performance by Lessor of this Lease and the other documents, instruments and agreements provided for herein. Lessor is not a "foreign limited liability company", "foreign corporation", "foreign partnership", "foreign trust" or "foreign estate" as such terms are defined in the Internal Revenue Code and the regulations promulgated thereunder. Lessor's United States tax identification number is correctly set forth on the signature page of this Lease.

(ii) The person who has executed this Lease on behalf of Lessor is duly authorized so to do.

B. Enforceability. This Lease constitutes the legal, valid and binding obligation of Lessor, enforceable against Lessor in accordance with its terms.

C. Litigation. There are no suits, actions, proceedings or investigations pending, or to the best of its knowledge, threatened against or involving Lessor before any arbitrator, or Governmental Authority which might reasonably result in any material adverse change in the contemplated business, condition, worth or operations of Lessor.

D. Absence of Breaches or Defaults. Lessor is not in default, beyond the passage of any applicable notice and cure periods, under any document, instrument or agreement to which Lessor is a party or by which Lessor or any of Lessor's property is subject or bound. The authorization, execution, delivery and performance of this Lease and the documents, instruments and agreements provided for herein will not result in any breach of or default under any other document, instrument or agreement to which Lessor is a party or by which Lessor, the Premises or any of Lessor's property is subject or bound.

7. REPRESENTATIONS AND WARRANTIES OF LESSEE. The representations and warranties of Lessee contained in this Section are being made to induce Lessor to enter into this Lease and Lessor has relied, and will continue to rely, upon such representations and warranties. Lessee represents and warrants to Lessor as follows:

A. Organization, Authority and Status of Lessee. (i) Lessee has been duly organized or formed, is validly existing and in good standing under the laws of its state of

formation and is qualified to do business in any jurisdiction where such qualification is required. All necessary action has been taken to authorize the execution, delivery and performance by Lessee of this Lease and of the other documents, instruments and agreements provided for herein. Lessee is not a "foreign limited liability company", "foreign corporation", "foreign partnership", "foreign trust" or

"foreign estate", as those terms are defined in the Internal Revenue Code and the regulations promulgated thereunder. Lessee's United States tax identification number is correctly set forth on the signature page of this Lease.

(ii) The person who has executed this Lease on behalf of Lessee is duly authorized to do so.

B. Enforceability. This Lease constitutes the legal, valid and binding obligation of Lessee, enforceable against Lessee in strict accordance with all of its terms.

C. Litigation. There are no suits, actions, proceedings or investigations pending, or to the best of its knowledge, threatened against or involving Lessee or the Premises before any arbitrator or Governmental Authority which might reasonably result in any material adverse change in the contemplated business, condition, worth or operations of Lessee or the Premises.

D. Absence of Breaches or Defaults. Lessee is not in default under any other document, instrument or agreement to which Lessee is a party or by which Lessee, the Premises or any of Lessee's property is subject or bound. The authorization, execution, delivery and performance of this Lease and the documents, instruments and agreements provided for herein will not result in any breach of or default under any document, instrument or agreement to which Lessee is a party or by which Lessee, the Premises or any of Lessee's property is subject or bound.

E. Licenses and Permits. Lessee has obtained all required licenses and permits, both governmental and private, to use and operate the Premises as a Permitted Concept.

F. Financial Condition; Information Provided to Lessor. The financial statements, all financial data and all other documents and information heretofore delivered to Lessor or Lender by or with respect to Lessee and/or the Premises in connection with this Lease and/or relating to Lessee and/or the Premises are true, correct and complete in all material respects, and there have been no amendments to such financial statements, financial data and other documents and information since the date such financial statements, financial data, documents and other information were prepared or delivered to Lessor or Lender, and no material adverse change has occurred to any such financial statements, financial data, documents and other information not disclosed in writing to Lessor and Lender.

G. True Lease. Lessee intends for this Lease to be a "true lease" and not a financing lease, capital lease, mortgage, equitable mortgage, deed of trust, trust agreement, security agreement or other financing or trust arrangement, and the economic realities of this Lease are those of a true lease. The term of this Lease is less than the remaining economic life of the Premises. Lessee waives any claim or defense based upon the characterization of

this Lease as anything other than a true lease, and Lessee stipulates and agrees not to challenge the validity, enforceability or characterization of the lease of the Premises as a true lease and further stipulates and agrees that nothing contained in this Lease creates or is intended to create a joint venture, partnership, equitable mortgage, trust, financing device or arrangement, security interest or the like. Lessee shall support the intent of the parties that the lease of the Premises pursuant to this Lease is a true lease and does not create a joint venture, partnership, equitable mortgage, trust, financing device or arrangement, security interest or the like, if, and to the extent that, any challenge occurs.

H. Liabilities of Lessor. Lessee is not liable for any indebtedness for money borrowed by Lessor and has not guaranteed any of the debts or obligations of Lessor.

8. NONCONSOLIDATION COVENANTS. Lessee covenants to Lessor for so long as this Lease is in effect that:

(i) The annual financial statements of Lessee, including consolidated financial statements, if any, shall contain notes stating that (a) all of Lessor's assets are owned by Lessor and (b) Lessor is a separate entity with its own separate creditors which will be entitled to be satisfied out of Lessor's assets.

(ii) Lessee will not assume liability for any indebtedness for money borrowed by Lessor and does not, and will not, guarantee any of the debts or obligations of Lessor. Lessee will not hold itself out as being liable for any obligations or indebtedness of Lessor.

(iii) Lessee shall not and shall use its best efforts to cause its affiliates not to hold Lessor out to the public or to any individual creditors as being a unified entity with assets and liabilities in common with Lessee except that Lessor may be included in Lessee's or its affiliates' reports under the Securities Exchange Act of 1934, as amended, and its and their consolidated financial statements, as appropriate, provided such statements adequately disclose the ownership by Lessor of the Premises and that the Premises are available first to satisfy any creditors of Lessor.

(iv) Lessee shall conduct its business so as not to mislead others as to the separate identity of Lessor, and particularly will avoid the appearance of conducting business on behalf of Lessor. Without limiting the generality of the foregoing, no oral and written communications of Lessee, including, without limitation, letters, invoices, purchase orders, contracts, statements and loan applications, will be made in the name of Lessor which to the extent that to do otherwise would materially bear upon the maintenance of Lessor's separate identity.

(v) Lessee will not act in Lessor's name.

(vi) Where necessary and appropriate, Lessee shall disclose the independent business status of Lessor to creditors of Lessee, if any.

(vii) The resolutions, agreements and other instruments of Lessee, if any, underlying the transactions described in this Lease will be maintained by Lessee.

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(viii) All transactions between Lessee and Lessor will be no less fair to each party than they could obtain on an arm's-length basis.

(ix) The books, records and accounts of Lessee shall at all times be maintained in a manner permitting the assets and liabilities of Lessor to be easily separated and readily ascertained from those of Lessee.

(x) Lessee will not direct, or otherwise control, the ongoing business decisions of Lessor.

(xi) Lessee will not file or cause to be filed a voluntary or involuntary petition in bankruptcy on behalf of or against Lessor, nor seek substantive consolidation of the assets and liabilities of Lessor and Lessee in any bankruptcy or insolvency proceeding during the Lease

Term and for a period of 91 days after the Lease Term.

9. RENTALS TO BE NET TO LESSOR. The Base Annual Rental payable hereunder shall be net to Lessor, so that this Lease shall yield to Lessor the rentals specified during the Lease Term, and that all costs, expenses and obligations of every kind and nature whatsoever relating to the Premises shall be performed and paid by Lessee.

10. TAXES AND ASSESSMENTS. Lessee shall pay, prior to the earlier of delinquency or the accrual of interest on the unpaid balance, all taxes and assessments (or the applicable installments of such taxes and assessments) of every type or nature assessed against or imposed upon the Premises or Lessee during the Lease Term which affect in any manner the net return realized by Lessor under this Lease, including without limitation, the following:

A. All taxes and assessments upon the Premises or any part thereof and upon any Personalty and improvements located on the Premises, whether belonging to Lessor or Lessee, or any tax or charge levied in lieu of such taxes and assessments;

B. All taxes, charges, license fees and or similar fees imposed by reason of the use of the Premises by Lessee; and

C. All excise, transaction, privilege, license, sales, use and other taxes upon the rental or other payments hereunder, the leasehold estate of either party or the activities of either party pursuant to this Lease.

All taxing authorities shall be instructed to send all tax and assessment invoices to Lessor. After recording the information on such invoices, Lessor shall forward such invoices to Lessee for payment. Within 30 days after each tax and assessment payment is required by this Section to be paid, Lessee shall provide Lessor with evidence satisfactory to Lessor that such payment was made in a timely fashion. Lessee may, at its own expense, contest or cause to be contested (in the case of any item involving more than \$10,000.00, after prior written notice to Lessor), by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any item specified in the foregoing subsection A or lien therefor, provided that (i) such proceeding shall suspend the collection thereof from the Premises or any interest therein, (ii) neither the Premises nor any interest therein would be

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in any danger of being sold, forfeited or lost by reason of such proceedings, (iii) no Event of Default is occurring, and (iv) Lessee shall have deposited with Lessor adequate reserves for the payment of the taxes, together with all interest and penalties thereon, unless paid in full under protest, or Lessee shall have furnished the security as may be required in the proceeding or as may be required by Lessor to insure payment of any contested taxes.

11. UTILITIES. Lessee shall contract, in its own name, for and pay when due all charges for the connection and use of water, gas, electricity, telephone, garbage collection, sewer use and other utility services supplied to the Premises during the Lease Term. Under no circumstances shall Lessor be responsible for any interruption of any utility service.

12. INSURANCE. Throughout the Lease Term Lessee shall maintain with respect to the Premises, at its sole expense, the following types and amounts of insurance (which may be included under a blanket insurance policy if all the other terms hereof are satisfied), in addition to such other insurance as Lessor may reasonably require from time to time:

A. Insurance against loss, damage or destruction by fire and other casualty, including theft, vandalism and malicious mischief, flood (if the Premises is in a location designated by the Federal Emergency Management Administration as a Special Flood Hazard Area),

earthquake (if the Premises is in an area subject to destructive earthquakes within recorded history), boiler explosion (if there is any boiler upon the Premises), plate glass breakage, sprinkler damage (if the Premises has a sprinkler system), all matters covered by a standard extended coverage endorsement, all matters covered by a special coverage endorsement commonly known as an "all-risk" endorsement and such other risks as Lessor may reasonably require, insuring the Premises for not less than 100% of their full insurable replacement cost.

B. Comprehensive general liability and property damage insurance, including a products liability clause, covering Lessor and Lessee against bodily injury liability, property damage liability and automobile bodily injury and property damage liability, including without limitation any liability arising out of the ownership, maintenance, repair, condition or operation of the Premises or adjoining ways, streets or sidewalks and, if applicable, insurance covering Lessor and Lessee against liability arising from the sale of liquor, beer or wine on the Premises. Such insurance policy or policies shall contain a broad form contractual liability endorsement under which the insurer agrees to insure Lessee's obligations under Section 18 hereof to the extent insurable, and a "severability of interest" clause or endorsement which precludes the insurer from denying the claim of Lessee or Lessor because of the negligence or other acts of the other, shall be in amounts of not less than \$1,000,000.00 per injury and occurrence with respect to any insured liability, whether for personal injury or property damage, or such higher limits as Lessor may reasonably require from time to time, and shall be of form and substance satisfactory to Lessor.

C. State Worker's Compensation insurance in the statutorily mandated limits, employer's liability insurance with limits not less than \$500,000.00 or such greater amount as Lessor may from time to time require and such other insurance as may be necessary to comply with applicable laws.

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D. Business income insurance or rental interruption insurance, as requested by Lessor, equal to 100% of the Base Annual Rental for a period of not less than six months.

All insurance policies shall:

(i) Provide for a waiver of subrogation by the insurer as to claims against Lessor, its employees and agents and provide that such insurance cannot be unreasonably cancelled, invalidated or suspended on account of the conduct of Lessee, its officers, directors, employees or agents;

(ii) Provide that any "no other insurance" clause in the insurance policy shall exclude any policies of insurance maintained by Lessor and that the insurance policy shall not be brought into contribution with insurance maintained by Lessor;

(iii) Contain a standard without contribution mortgage clause endorsement in favor of Lender and any other lender designated by Lessor or Lender;

(iv) Provide that the policy of insurance shall not be terminated, cancelled or substantially modified without at least thirty (30) days' prior written notice to Lessor, Lender and to any lender covered by any standard mortgage clause endorsement;

(v) Provide that the insurer shall not have the

option to restore the Premises if Lessor elects to terminate this Lease in accordance with the terms hereof;

(vi) Be issued by insurance companies licensed to do business in the State and which are rated A:VI or better by Best's Insurance Guide or are otherwise approved by Lessor; and

(vii) Provide that the insurer shall not deny a claim because of the negligence of Lessee, anyone acting for Lessee or any subtenant or other occupant of the Premises.

It is expressly understood and agreed that the foregoing minimum limits of insurance coverage shall not limit the liability of Lessee for its acts or omissions as provided in this Lease. All insurance policies (with the exception of worker's compensation insurance to the extent not available under statutory law) shall designate Lessor, Lender and any other mortgagee of Lessor as additional insureds as their interests may appear and shall be payable as set forth in Section 21 hereof. All such policies shall be written as primary policies, with deductibles not to exceed 10% of the amount of coverage. Any other policies, including any policy now or hereafter carried by Lessor or Lender, shall serve as excess coverage. Lessee shall procure policies for all insurance for periods of not less than one year and shall provide to Lessor and any lender of Lessor certificates of insurance or, upon Lessor's request, duplicate originals of insurance

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policies evidencing that insurance satisfying the requirements of this Lease is in effect at all times.

13. TAX AND INSURANCE IMPOUND. Upon the occurrence of an Event of Default, Lessor may require Lessee to pay to Lessor sums which will provide an impound account (which shall not be deemed a trust fund) for paying up to the next one year of taxes, assessments and/or insurance premiums. Upon such requirement, Lessor will estimate the amounts needed for such purposes and will notify Lessee to pay the same to Lessor in equal monthly installments, as nearly as practicable, in addition to all other sums due under this Lease. Should additional funds be required at any time, Lessee shall pay the same to Lessor within ten (10) days of demand. Lessee shall advise Lessor of all taxes and insurance bills which are due and shall cooperate fully with Lessor in assuring that the same are paid. Lessor may deposit all impounded funds in accounts insured by any federal or state agency and may commingle such funds with other funds and accounts of Lessor. Interest or other gains from such funds, if any, shall be the sole property of Lessor. Upon the occurrence of an Event of Default by Lessee, Lessor may apply all impounded funds against any sums due from Lessee to Lessor. Lessor shall give to Lessee an annual accounting showing all credits and debits to and from such impounded funds received from Lessee.

14. PAYMENT OF RENTAL AND OTHER SUMS. All rental and other sums which Lessee is required to pay hereunder shall be the unconditional obligation of Lessee and shall be payable in full when due without any setoff, abatement, deferment, deduction or counterclaim whatsoever. Upon execution of this Lease, Lessee shall establish arrangements whereby payments of the Base Monthly Rental, any Additional Rental and impound payments, if any, are transferred by wire or other means directly from Lessee's bank account to such account as Lessor may designate; provided, however, upon notice from Lender to Lessee and Lessor delivered in the manner set forth in Section 27, Lessee shall deliver all payments of Base Monthly Rental as specified in such notice from Lender and Lessor hereby acknowledges that Lessee shall receive full credit hereunder for any payments so made to Lender as if such payment had been made to Lessor. Any delinquent payment (that is, any payment not made within five calendar days after the date when due) shall, in addition to any other remedy of Lessor, incur a late charge of 5% (which late charge is intended to compensate Lessor for the cost of handling and processing such delinquent payment and should not be considered interest) and bear interest at the Default Rate, such interest to be computed from and including the date such payment was due through and including

the date of the payment; provided, however, in no event shall Lessee be obligated to pay a sum of late charge and interest higher than the maximum legal rate then in effect.

15. USE. A. Lessee shall use the Premises solely for the operation of a Permitted Concept and for no other purpose. Lessee shall occupy the Premises promptly following the Effective Date and, except as set forth below and except during periods when the Premises is untenable by reason of fire or other casualty or condemnation (provided, however, during all such periods while the Premises is untenable, Lessee shall strictly comply with the terms and conditions of Section 21 of this Lease), Lessee shall at all times during the Lease Term occupy the Premises and shall diligently operate its business on the Premises. Lessee may cease diligent operation of business at the Premises for a period not to exceed 90 days and may do so only once within any five-year period during the Lease Term. If Lessee does discontinue operation as permitted by this Section, Lessee shall (i) give written notice to Lessor within 10 days after

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Lessee elects to cease operation, (ii) provide adequate protection and maintenance of the Premises during any period of vacancy and (iii) pay all costs necessary to restore the Premises to their condition on the day operation of the business ceased at such time as the Premises is reopened for Lessee's business operations or other substituted use approved by Lessor as contemplated below. Notwithstanding anything herein to the contrary, Lessee shall pay the Base Monthly Rental on the first day of each month during any period in which Lessee discontinues operation.

Lessee shall not, by itself or through any assignment, sublease or other type of transfer, convert the Premises to an alternative use during the Lease Term without Lessor's consent, which consent shall not be unreasonably withheld. Lessor may consider any or all of the following in determining whether to grant its consent, without being deemed to be unreasonable: (i) whether the rental paid to Lessor would be equal to or greater than the anticipated rental assuming continued existing use, (ii) whether the proposed rental to be paid to Lessor is reasonable considering the converted use of the Premises and the customary rental prevailing in the community for such use, (iii) whether the converted use will be consistent with the highest and best use of the Premises, and (iv) whether the converted use will increase Lessor's risks or decrease the value of the Premises.

B. Notwithstanding the provisions of the foregoing Section 15.A, Lessee may cease continuous operation of its business on a Premises for up to 120 days if Lessee, in the exercise of its reasonable business judgment, determines in good faith that the business at such Premises cannot be operated economically as evidenced by an affidavit so stating signed by an officer of Lessee ("Uneconomic Operations"). If Lessee does not, in good faith, permanently reopen the Premises for operation as a Permitted Concept within 120 days of cessation, then, Lessee shall, on or prior to the last day of the 120-day period, substitute the Premises in accordance with Section 58 of this Lease. If Lessee fails to substitute the Premises as contemplated in this Section B in accordance with the requirements of Section 13 of the Loan Agreement, such failure shall be an Event of Default under this Lease and shall entitle Lessor to immediately exercise all remedies available at law or in equity and as set forth in this Lease.

16. COMPLIANCE WITH LAWS, RESTRICTIONS, COVENANTS AND ENCUMBRANCES. A. Lessee's use and occupation of the Premises, and the condition thereof, shall, at Lessee's sole cost and expense, comply fully with (i) all applicable statutes, regulations, rules, ordinances, codes, licenses, permits, orders and approvals of each Governmental Authority, including, without limitation, all health, building, fire, safety and other codes, ordinances and requirements and all applicable standards of the National Board of Fire Underwriters, and all policies or rules of common law, in each case, as amended, and any judicial or administrative interpretation thereof, including any judicial order, consent, decree or judgment applicable to Lessee (collectively, "Applicable Regulations"), and (ii) all restrictions, covenants and encumbrances of record with respect to the Premises.

B. Lessee will not permit any act or condition to exist on or about the Premises which will increase any insurance rate thereon, except when such acts are required in the normal course of its business and Lessee shall pay for such increase.

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C. Without limiting the generality of the other provisions of this Section, Lessee agrees that it shall be responsible for complying in all respects with the Americans with Disabilities Act of 1990, as such act may be amended from time to time, and all regulations promulgated thereunder (collectively, the "ADA"), as it affects the Premises, including, but not limited to, making required "readily achievable" changes to remove any architectural or communications barriers, and providing auxiliary aids and services within the Premises. Lessee further agrees that any and all alterations made to the Premises during the Lease Term will comply with the requirements of the ADA. All plans for alterations which must be submitted to Lessor under the provisions of Section 18 must include a statement from a licensed Architect or Engineer certifying that they have reviewed the plans, and that the plans comply with all applicable provisions of the ADA. Any subsequent approval or consent to the plans by the Lessor shall not be deemed to be a representation of Lessor's part that the plans comply with the ADA, which obligation shall remain with Lessee. Lessee agrees that it will defend, indemnify and hold harmless the Indemnified Parties from and against any and all Losses caused by, incurred or resulting from Lessee's failure to comply with its obligations under this Section.

D. Lessee represents and warrants to Lessor and Environmental Insurer as follows:

(i) The Premises and Lessee are not in violation of, or subject to, any existing, pending or to the best of Lessee's knowledge threatened investigation or inquiry by any Governmental Authority or to any remedial obligations under any Environmental Laws, and this representation and warranty would continue to be true and correct following disclosure to each Governmental Authority of all relevant facts, conditions and circumstances, if any, pertaining to the Premises. If any such investigation or inquiry is subsequently initiated, Lessee will promptly notify Lessor.

(ii) Lessee has not obtained and is not required to obtain any permits, licenses or similar authorizations to construct, occupy, operate or use any buildings, improvements, fixtures and equipment forming a part of the Premises by reason of any Environmental Laws.

(iii) No Hazardous Materials have been used, handled, manufactured, generated, produced, stored, treated, processed, transferred, disposed of or otherwise Released by Lessee, and to the best of Lessee's knowledge, by any third party in, on, under, from or about the Premises, except in De Minimis Amounts.

(iv) The Premises do not contain Hazardous Materials other than in De Minimis Amounts in full compliance with all Environmental laws.

(v) To the best of Lessee's knowledge, there is no threat of any Release migrating to the Premises.

(vi) There is no present, or to the best of Lessee's knowledge, past non-compliance with Environmental Laws, or with permits issued pursuant thereto, in connection with the Premises.

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(vii) Lessee has not received any written or oral notice or

other communication from any person or entity (including but not limited to a Governmental Authority) relating to Hazardous Materials or Remediation thereof, of possible liability of any person or entity pursuant to any Environmental Law, other environmental conditions in connection with the Premises, or any actual or potential administrative or judicial proceedings in connection with any of the foregoing.

(viii) Lessee has truthfully and fully provided to Lessor, in writing, any and all information relating to environmental conditions in, on, under or from the Premises that is known to Lessee and that is contained in Lessee's files and records, including but not limited to any reports relating to Hazardous Materials in, on, under or from the Premises.

E. Lessee covenants to Lessor and Environmental Insurer during the Lease Term that: (i) all uses and operations on or of the Premises, whether by Lessee or any other person or entity, shall be in compliance with all Environmental Laws and permits issued pursuant thereto; (ii) there shall be no Releases in, on, under or from the Premises, except in De Minimis Amounts; (iii) there shall be no Hazardous Materials or Regulated Substances in, on, or under the Premises, except in De Minimis Amounts; (iv) Lessee shall keep the Premises free and clear of all liens and other encumbrances imposed pursuant to any Environmental Law, whether due to any act or omission of Lessee or any other person or entity (the "Environmental Liens"); (v) Lessee shall, at its sole cost and expense, fully and expeditiously cooperate in all activities pursuant to subsection (1) below, including but not limited to providing all relevant information and making knowledgeable persons available for interviews; (vi) Lessee shall, at its sole cost and expense, perform any environmental site assessment or other investigation of environmental conditions in connection with the Premises as may be reasonably requested by Lessor (including but not limited to sampling, testing and analysis of soil, water, air, building materials and other materials and substances whether solid, liquid or gas), and share with Lessor and Environmental Insurer the reports and other results thereof, and Lessor, Environmental Insurer and the other Indemnified Parties shall be entitled to rely on such reports and other results thereof; (vii) Lessee shall, at its sole cost and expense, comply with all reasonable written requests of Lessor to (1) reasonably effectuate Remediation of any condition (including but not limited to a Release) in, on, under or from the Premises; (2) comply with any Environmental Law; (3) comply with any directive from any Governmental Authority; and (4) take any other reasonable action necessary or appropriate for protection of human health or the environment; (viii) Lessee shall not do or allow any tenant or other user of the Premises to do any act that materially increases the dangers to human health or the environment, poses an unreasonable risk of harm to any person or entity (whether on or off the Premises), impairs or may impair the value of the Premises, is contrary to any requirement of any insurer, constitutes a public or private nuisance, constitutes waste, or violates any covenant, condition, agreement or easement applicable to the Premises; and (ix) Lessee shall immediately notify Lessor in writing of (A) any presence of Releases or Threatened Releases in, on, under, from or migrating towards the Premises; (B) any non-compliance with any Environmental Laws related in any way to the Premises; (C) any actual or potential Environmental Lien; (D) any required or proposed Remediation of environmental conditions relating to the Premises; and (E) any written or oral notice or other communication which Lessee becomes aware from any source whatsoever (including but not limited to a Governmental Authority) relating in any way to Hazardous Materials or Remediation thereof, possible liability of any person or entity pursuant to any Environmental Law, other environmental conditions in

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connection with the Premises, or any actual or potential administrative or judicial proceedings in connection with anything referred to in this Section.

F. Lessee shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses (excluding Losses arising out of any of the Indemnified Parties' gross negligence or willful misconduct) and costs of Remediation

(whether or not performed voluntarily), engineers' fees, environmental consultants' fees, and costs of investigation (including but not limited to sampling, testing, and analysis of soil, water, air, building materials and other materials and substances whether solid, liquid or gas) imposed upon or incurred by or asserted against any Indemnified Parties, and directly or indirectly arising out of or in any way relating to any one or more of the following: (i) any presence of any Hazardous Materials in, on, above, or under the Premises; (ii) any past or present Release or Threatened Release in, on, above, under or from the Premises; (iii) any activity by Lessee, any person or entity affiliated with Lessee or any other tenant or other user of the Premises in connection with any actual, proposed or threatened use, treatment, storage, holding, existence, disposition or other Release, generation, production, manufacturing, processing, refining, control, management, abatement, removal, handling, transfer or transportation to or from the Premises of any Hazardous Materials at any time located in, under, on or above the Premises; (iv) any activity by Lessee, any person or entity affiliated with Lessee or any other tenant or other user of the Premises in connection with any actual or proposed Remediation of any Hazardous Materials at any time located in, under, on or above the Premises, whether or not such Remediation is voluntary or pursuant to court or administrative order, including but not limited to any removal, remedial or corrective action; (v) any past, present or threatened non-compliance or violations of any Environmental Laws (or permits issued pursuant to any Environmental Law) in connection with the Premises or operations thereon, including but not limited to any failure by Lessee, any person or entity affiliated with Lessee or any other tenant or other user of the Premises to comply with any order of any Governmental Authority in connection with any Environmental Laws; (vi) the imposition, recording or filing or the threatened imposition, recording or filing of any Environmental Lien encumbering the Premises; (vii) any administrative processes or proceedings or judicial proceedings in any way connected with any matter addressed in this Section; (viii) any past, present or threatened injury to, destruction of or loss of natural resources in any way connected with the Premises, including but not limited to costs to investigate and assess such injury, destruction or loss; (ix) any acts of Lessee, any person or entity affiliated with Lessee or any other tenant or user of the Premises in arranging for disposal or treatment, or arranging with a transporter for transport for disposal or treatment, of Hazardous Materials owned or possessed by Lessee, any person or entity affiliated with Lessee or any other tenant or other user of the Premises, at any facility or incineration vessel owned or operated by another person or entity and containing such or similar Hazardous Materials; (x) any acts of Lessee, any person or entity affiliated with Lessee or any other tenant or other user of the Premises, in accepting any Hazardous Materials for transport to disposal or treatment facilities, incineration vessels or sites selected by Lessee, any person or entity affiliated with Lessee or any other tenant or other user of the Premises, from which there is a Release, or a Threatened Release of any Hazardous Material which causes the incurrence of costs for Remediation; (xi) any personal injury, wrongful death, or property damage arising under any statutory or common law or tort law theory, including but not limited to damages assessed for the maintenance of a private or public nuisance or for the conducting of an abnormally dangerous activity on or near the Premises; and (xii) any misrepresentation or inaccuracy in any representation

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or warranty or material breach or failure to perform any covenants or other obligations pursuant to this Section.

G. Upon reasonable prior notice, Lessor, Lender, any other lender to Lessor, Environmental Insurer and any other person or entity designated by Lessor, including but not limited to any receiver, any representative of a Governmental Authority, and any environmental consultant, shall have the right, but not the obligation, to enter upon the Premises at all reasonable times (including, without limitation, in connection with a proposed sale or conveyance of the Premises or a proposed financing or refinancing secured by the Premises or in connection with the exercise of any remedies set forth in this Lease, the Mortgages or the other Loan Documents or for any other commercially reasonable purpose) to assess any and all aspects of the environmental condition of the

Premises and its use, including but not limited to conducting any environmental assessment or audit (the scope of which shall be determined in Lessor's sole and absolute discretion) and taking samples of soil, groundwater or other water, air, or building materials, and conducting other invasive testing. Lessee shall cooperate with and provide access to Lessor, Lender, Environmental Insurer and any such person or entity designated by Lessor. Any such assessment or investigation shall be at Lessee's sole cost and expense. Notwithstanding the foregoing, any such assessment or investigation ordered for the purpose of Lender's assignment of the Loan (as defined in the Loan Agreement) shall be at Lender's cost and expense.

H. The obligations of Lessee and the rights and remedies of Lessor under the foregoing subsections D through G shall survive the termination, expiration and/or release of this Lease.

I. In addition to the other requirements of this Section, Lessee shall, at all times throughout the Lease Term, comply with all Applicable Regulations.

17. CONDITION OF PREMISES; MAINTENANCE. Lessee has inspected, or had the opportunity to inspect, the Premises and hereby accepts the Premises "AS IS" and "WHERE IS" with no representation or warranty of Lessor as to the condition thereof. The Premises shall be kept in good, clean, sanitary and working condition; and Lessee shall at all times at its own expense maintain, repair and replace, as necessary, the Premises, including all portions of the Premises, whether or not the Premises were in such condition on the Effective Date.

18. WASTE; ALTERATIONS AND IMPROVEMENTS. Lessee shall not commit actual or constructive waste upon the Premises. During the Lease Term, Lessee shall not alter the exterior, structural, plumbing or electrical elements of the Premises in any manner without the consent of Lessor, which consent shall not be unreasonably withheld or conditioned; provided, however, Lessee may undertake nonstructural alterations to the Premises costing less than \$50,000.00 without Lessor's consent. If Lessor's consent is required hereunder and Lessor consents to the making of any such alterations, the same shall be made by Lessee at Lessee's sole expense by a licensed contractor and according to plans and specifications approved by Lessor and subject to such other conditions as Lessor shall require. Any work at any time commenced by Lessee on the Premises shall be prosecuted diligently to completion, shall be of good workmanship and materials and shall comply fully with all the terms of this Lease. Upon completion of any alterations, Lessee shall promptly provide Lessor with (i) evidence of full

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payment to all laborers and materialmen contributing to the alterations, (ii) an architect's certificate certifying the alterations to have been completed in conformity with the plans and specifications, (iii) a certificate of occupancy (if the alterations are of such a nature as would require the issuance of a certificate of occupancy), and (iv) any other documents or information reasonably requested by Lessor. Lessee shall execute and file or record, as appropriate, a "Notice of Non-Responsibility," or any equivalent notice permitted under applicable law in the state where the Premises is located. Any addition to or alteration of the Premises shall be deemed a part of the Premises and belong to Lessor, and Lessee shall execute and deliver to Lessor such instruments as Lessor may require to evidence the ownership by Lessor of such addition or alteration.

19. INDEMNIFICATION. Lessee shall indemnify, protect, defend and hold harmless each of the Indemnified Parties from and against any and all Losses (excluding Losses suffered by an Indemnified Party arising out of such Indemnified Party's gross negligence or willful misconduct) caused by, incurred or resulting from Lessee's operations of or relating in any manner to the Premises, whether relating to their original design or construction, latent defects, alteration, maintenance, use by Lessee or any person thereon, supervision or otherwise, or from any breach of, upon an Event of Default under, or failure to perform, any term or provision of this Lease by Lessee, its officers, employees, agents or other persons. It is expressly understood and agreed that Lessee's obligations under this Section shall survive the expiration

or earlier termination of this Lease for any reason.

20. QUIET ENJOYMENT. So long as Lessee shall pay the rental and other sums herein provided and shall keep and perform all of the terms, covenants and conditions on its part herein contained, Lessee shall have, subject and subordinate to Lessor's rights herein, the right to the peaceful and quiet occupancy of the Premises.

21. CONDEMNATION OR DESTRUCTION. A. In case of a taking of all or any part of the Premises or the commencement of any proceedings or negotiations which might result in a taking for any public or quasi-public purpose by any lawful power or authority by exercise of the right of condemnation or eminent domain or by agreement between Lessor, Lessee and those authorized to exercise such right ("Taking"), Lessee will promptly give written notice thereof to Lessor, generally describing the nature and extent of such Taking and including copies of any documents or notices received in connection therewith.

B. In case of a Taking of the whole of any of the Premises, other than for temporary use ("Total Taking"), this Lease shall terminate with respect to such Premises as of the date of the Total Taking, but this Lease shall otherwise continue in full force and effect with respect to the remaining Premises. From and after the date of a Total Taking, the Base Annual Rental shall be reduced by an amount equal to the product of (i) the net award or payment resulting from such Total Taking, after deducting all costs, fees and expenses incident to the collection of such award of payment (the "Net Amount"), and (ii) 11%. If the date of such Total Taking is other than the first day of a month, the Base Annual Rental payable for the month in which such Total Taking occurs shall be apportioned based on such Adjustment as of the date of the Total Taking. Lessee's obligations to Lessor under Section 18 of this Lease with respect to such Premises and Lessee's obligation to pay all other sums of money under this Lease (whether payable to Lessor or to a third-party) which accrue prior to the date of such Total Taking shall survive the termination of this Lease

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with respect to such Premises. Total Taking shall include a taking of substantially all the Premises if, in the sole determination of Lessor, the remainder of the Premises is not useable and cannot be made useable for the purposes provided herein. Lessor shall be entitled to receive the entire award or payment in connection with any taking of the Premises without deduction for any estate vested in Lessee by this Lease. Lessee hereby expressly assigns to Lessor all of its right, title and interest in and to every such award or payment and agrees that Lessee shall not be entitled to any award or payment for the value of Lessee's leasehold interest in the Lease. Lessee shall be entitled to claim and receive any award or payment from the condemning authority expressly granted for the taking of Lessee's Personalty, the interruption of its business and moving expenses, but only if such claim or award does not adversely affect or interfere with the prosecution of Lessor's claim for the Taking. Lessee shall promptly send Lessor copies of all correspondence and pleadings relating to any such claim.

C. In case of a temporary use of all or any part of the Premises by a Taking ("Temporary Taking"), this Lease shall remain in full force and effect without any reduction of Base Annual Rental, Additional Rental or any other sum payable hereunder. Except as provided below, Lessee shall be entitled to the entire award for a Temporary Taking, whether paid by damages, rent or otherwise, unless the period of occupation and use by the condemning authorities shall extend beyond the date of expiration of this Lease, in which case the award made for such Taking shall be apportioned between Lessor and Lessee as of the date of such expiration. At the termination of any such Temporary Taking, Lessee will, at its own cost and expense and pursuant to the terms of Section 18 above, promptly commence and complete the restoration of the Premises; provided, however, Lessee shall not be required to restore the Premises if the Lease Term shall expire prior to, or within one year after, the date of termination of the Temporary Taking, and in such event Lessor shall be entitled to recover all damages and awards arising out of the failure of the condemning authority to repair and restore the Premises at the expiration of such Temporary Taking.

D. In the event of a Taking of less than all of the Premises for other than a temporary use ("Partial Taking") or of damage or destruction to all or any part of the Premises, all awards, compensation or damages shall be paid to Lessor, and Lessor shall have the option to (i) terminate this Lease, provided that Lessor shall have obtained Lender's prior written consent, by notifying Lessee within 60 days after Lessee gives Lessor notice of such damage or destruction or that title has vested in the taking authority or (ii) continue this Lease in effect, which election may be evidenced by either a notice from Lessor to Lessee or Lessor's failure to notify Lessee that Lessor has elected to terminate this Lease within such 60-day period. Lessee shall have a period of 60 days after Lessor's notice that it has elected to terminate this Lease during which to elect to continue this Lease on the terms herein provided. If Lessee does not elect to continue this Lease or shall fail during such 60-day period to notify Lessor of Lessee's intent to continue this Lease, then this Lease shall terminate as of the last day of the month during which such period expired. Lessee shall then immediately vacate and surrender the Premises, all obligations of either party hereunder shall cease as of the date of termination (provided, however, Lessee's obligations to Lessor under Section 19 and Lessee's obligations to pay Base Annual Rental, Additional Rental and all other sums (whether payable to Lessor or a third-party) accruing under this Lease prior to the date of termination shall survive such termination), the Base Annual Rental shall be reduced by an amount equal to the product of (i)

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the Net Award resulting from such Taking and (ii) 11%, and Lessor may retain all such awards, compensation or damages. If Lessor elects not to terminate this Lease, or if Lessor elects to terminate this Lease but Lessee elects to continue this Lease, then this Lease shall continue in full force and effect on the following terms: (i) all Base Annual Rental, Additional Rental and other sums and obligations due under this Lease shall continue unabated, and (ii) Lessee shall promptly commence and diligently prosecute restoration of the Premises to the same condition, as nearly as practicable, as prior to such partial condemnation, damage or destruction as approved by Lessor. Lessor shall promptly make available in installments as restoration progresses an amount up to but not exceeding the amount of any award, compensation or damages received by Lessor, upon request of Lessee accompanied by evidence reasonably satisfactory to Lessor that such amount has been paid or is due and payable and is properly a part of such costs and that Lessee has complied with the terms of Section 18 above in connection with the restoration. Lessor shall be entitled to keep any portion of such award, compensation or damages which may be in excess of the cost of restoration, and Lessee shall bear all additional costs, fees and expenses of such restoration in excess of the amount of any such award, compensation or damages.

E. Notwithstanding the foregoing, if at the time of any Taking or any damage or destruction to all or any part of the Premises or at any time thereafter an Event of Default has occurred and such Event of Default shall be continuing, Lessor is hereby authorized and empowered but shall not be obligated, in the name and on behalf of Lessee and otherwise, to file and prosecute Lessee's claim, if any, for an award on account of such Taking or for insurance proceeds on account of such damage or destruction and to collect such award or proceeds and apply the same, after deducting all costs, fees and expenses incident to the collection thereof, to the curing of such Event of Default and any other then existing Event of Default under this Lease and/or to the payment of any amounts owed by Lessee to Lessor under this Lease, in such order, priority and proportions as Lessor in its discretion shall deem proper.

F. Notwithstanding the foregoing, nothing in this Section 21 shall be construed as limiting or otherwise adversely affecting the representations, warranties, covenants and characterizations in and of this Lease, including, without limitation, those provisions set forth in Section 3 of this Lease.

22. INSPECTION. Lessor and its authorized representatives shall have the right, upon giving reasonable notice, to enter the Premises or any part thereof and inspect the same and make photographic or other evidence concerning

Lessee's compliance with the terms of this Lease. Lessor and its authorized representatives will use reasonable efforts to minimize any inconvenience or interference with Lessee's business while conducting such entry and inspection. Notwithstanding the foregoing, Lessee hereby waives any claim for damages for any injury or inconvenience to or interference with Lessee's business, any loss of occupancy or quiet enjoyment of the Premises and any other loss occasioned by such entry, unless such entry is due to Lessor's or its authorized representatives' gross negligence or willful misconduct. Lessee shall keep and maintain at Lessee's chief executive office full, complete and appropriate books of account and records of Lessee's business relating to the Premises in accordance with GAAP. To the extent permitted by law, Lessee's books and records shall at all times be open for inspection by Lessor or Lender, their respective auditors or other authorized representatives and shall show such

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information as is reasonably necessary to determine compliance with Lessor's obligations under the Loan Documents.

23. DEFAULT, CONDITIONAL LIMITATIONS, REMEDIES AND MEASURE OF DAMAGES.

A. Each of the following shall be an event of default under this Lease (each, an "Event of Default"):

(i) If any representation or warranty of Lessee set forth in this Lease is false in any material respect, or if Lessee renders any false statement or account;

(ii) If any rent or other monetary sum due under this Lease is not paid within five days from the date when due; provided, however, notwithstanding the occurrence of such an Event of Default, Lessor shall not be entitled to exercise its remedies set forth below unless and until Lessor shall have given Lessee notice thereof and a period of five days from the delivery of such notice shall have elapsed without such Event of Default being cured;

(iii) If Lessee fails to pay, prior to delinquency, any taxes, assessments or other charges the failure of which to pay will result in the imposition of a lien against the Premises pursuant to Applicable Regulations;

(iv) If Lessee becomes insolvent within the meaning of the Code, files or notifies Lessor that it intends to file a petition under the Code, initiates a proceeding under any similar law or statute relating to bankruptcy, insolvency, reorganization, winding up or adjustment of debts (collectively, hereinafter, an "Action"), becomes the subject of either a petition under the Code or an Action, or is not generally paying its debts as the same become due;

(v) If Lessee vacates or abandons the Premises subject to the terms and conditions of Section 15 above;

(vi) If Lessee fails to observe or perform any of the other covenants, conditions or obligations of Lessee in this Lease; provided, however, if any such failure does not involve the payment of any monetary sum, is not willful or intentional, does not place any rights or property of Lessor in immediate jeopardy, and is within the reasonable power of Lessee to promptly cure after receipt of notice thereof, all as determined by Lessor in its reasonable discretion, then such failure shall not constitute an Event of Default hereunder, unless otherwise expressly provided herein, unless and until Lessor shall have given Lessee notice thereof and a period of 30 days shall have elapsed, during which period Lessee may correct or cure such failure, upon failure of which an Event of Default shall be deemed to have occurred hereunder without further notice or demand of any kind being required. If such failure cannot reasonably be cured within such 30 day period, as determined by Lessor in its reasonable discretion, and Lessee is diligently pursuing a cure of such failure, then Lessee shall have a

reasonable period to cure such failure beyond such 30 day period, which shall in no event exceed 120 days after receiving notice of such failure from Lessor. If Lessee shall fail to correct or cure such failure within such 120-day period, an Event of Default shall be deemed to have occurred hereunder without further notice or demand of any kind being required;

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(vii) If a final, nonappealable judgment is rendered by a court against Lessee which has a material adverse effect on the ability to conduct business at the Premises as a Permitted Concept, or which does not have a material adverse effect on the ability to conduct business at the Premises as a Permitted Concept but which is in the amount of \$100,000.00 or more, and in either event is not discharged or provision made for such discharge within 60 days from the date of entry thereof;

(viii) If with Lessee's reasonable consent, Lessor shall have elected to substitute a Substitute Premises for the Premises in accordance with the provisions of Section 13 of the Loan Agreement, the failure of Lessee, on or before the date of the closing of such substitution, to enter into a lease with Lessor for the Substitute Premises on the same terms, conditions and provisions of this Lease;

(x) If Lender shall have given Lessor notice of a breach of the Fixed Charge Coverage Ratio requirement under the Loan Agreement and Lessor shall have notified Lessee that the Fixed Charge Coverage Ratio requirement under this Lease has been breached and that Lessor has elected to substitute a Substitute Premises for the Premises in accordance with the provisions of Section 13 of the Loan Agreement, the failure of Lessee, on or before the date of the closing of such substitution, to enter into a lease with Lessor for the Substitute Premises on the same terms, conditions and provisions of this Lease;

(xi) If there is an Event of Default under the Loan Agreement which results from a breach or default by Lessor under Section 7.B of the Loan Agreement.

(xii) If Lender shall have given Lessor notice of a breach of the Fixed Charge Coverage Ratio requirement under the Loan Agreement and Lessor shall have notified Lessee that the Fixed Charge Coverage Ratio requirement under this Lease has been breached and that Lessor is making a payment with respect to the applicable Note in order to cure Lessor's breach of the Fixed Charge Coverage Ratio requirement under the Loan Agreement (the "Loan FCCR Payment"), the failure of Lessee to pay to Lessor an amount equal to the Loan FCCR Payment (the "Lease FCCR Payment") on or before the date that Lessor is required to pay the Loan FCCR Payment to Lender. Promptly after Lessee's payment of the Lease FCCR Payment, Lessor and Lessee agree to execute an amendment to this Lease in form and substance reasonably acceptable to Lessor and Lessee reducing the Base Annual Rental to an equitable amount to be agreed upon by Lessor and Lessee in good faith after taking into account the Lease FCCR Payment, but in no event shall the reduced Base Annual Rental be less than the aggregate debt service amount payable under the Notes over a one-year period (after taking into account any reduction in such debt service amount after payment of the Loan FCCR Payment).

(xiii) If Lessee fails or refuses to sign an estoppel certificate as required under Section 25 of this Lease within ten (10) days following a request by Lessor.

B. Upon the occurrence of an Event of Default, with or without notice or demand, except the notice prior to default required under certain circumstances by subsection A. above or such other notice as may be required by statute and cannot be waived by Lessee (all other notices being hereby waived), Lessor shall be entitled to exercise, at its option, concurrently,

successively, or in any combination, all remedies available at law or in equity, including without limitation, any one or more of the following:

(i) To terminate this Lease, whereupon Lessee's right to possession of the Premises shall cease and this Lease, except as to Lessee's liability, shall be terminated.

(ii) To reenter and take possession of the Premises, any or all Personalty of Lessee and, to the extent permissible, all franchises, licenses, area development agreements, permits and other rights or privileges of Lessee pertaining to the use and operation of the Premises and to expel Lessee and those claiming under or through Lessee, without being deemed guilty in any manner of trespass or becoming liable for any loss or damage resulting therefrom, without resort to legal or judicial process, procedure or action. No notice from Lessor hereunder or under a forcible entry and detainer statute or similar law shall constitute an election by Lessor to terminate this Lease unless such notice specifically so states. If Lessee shall, after default, voluntarily give up possession of the Premises to Lessor, deliver to Lessor or its agents the keys to the Premises, or both, such actions shall be deemed to be in compliance with Lessor's rights and the acceptance thereof by Lessor or its agents shall not be deemed to constitute a termination of the Lease. Lessor reserves the right following any reentry and/or reletting to exercise its right to terminate this Lease by giving Lessee written notice thereof, in which event this Lease will terminate as specified in said notice.

(iii) To seize all Personalty which Lessee owns or in which it has an interest, in which Lessor shall have a landlord's lien and/or security interest, and to dispose thereof in accordance with the laws prevailing at the time and place of such seizure or to remove all or any portion of such property and cause the same to be stored in a public warehouse or elsewhere at Lessee's sole expense, without becoming liable for any loss or damage resulting therefrom and without resorting to legal or judicial process, procedure or action.

(iv) To bring an action against Lessee for any damages sustained by Lessor or any equitable relief available to Lessor.

(v) To relet the Premises or any part thereof for such term or terms (including a term which extends beyond the original Lease Term), at such rentals and upon such other terms as Lessor, in its sole discretion, may determine, with all proceeds received from such reletting being applied to the rental and other sums due from Lessee in such order as Lessor may, in its sole discretion, determine, which other sums include, without limitation, all repossession costs, brokerage commissions, attorneys' fees and expenses, employee expenses, alteration, remodeling and repair costs and expenses of preparing for such reletting. Except to the extent required by applicable law, Lessor shall have no obligation to relet the Premises or any part thereof and shall in no event be liable for refusal or failure to relet the Premises or any part thereof, or, in the event of any such reletting, for refusal or failure to collect any rent due upon such reletting, and no such refusal or failure shall operate to relieve Lessee of any liability under this Lease or otherwise to affect any such liability. Lessor reserves the right following any reentry and/or reletting to exercise its right to terminate this Lease by giving Lessee written notice thereof, in which event this Lease will terminate as specified in said notice.

(vi) To accelerate and recover from Lessee all rent and other monetary sums due and owing and scheduled to become due and owing under this Lease both before and after the date of such breach for the entire original scheduled Lease Term.

(vii) To recover from Lessee all costs and expenses, including attorneys' fees, court costs, expert witness fees, costs of tests and analyses, travel and accommodation expenses, deposition and trial transcripts, copies and other similar costs and fees, paid or incurred by Lessor as a result of such breach, regardless of whether or not legal proceedings are actually commenced.

(viii) To immediately or at any time thereafter, and with or without notice, at Lessor's sole option but without any obligation to do so, correct such breach or default and charge Lessee all costs and expenses incurred by Lessor therein. Any sum or sums so paid by Lessor, together with interest at the then existing maximum legal rate, but not higher than 15% per annum, shall be deemed to be additional rent hereunder and shall be immediately due from Lessee to Lessor. Any such acts by Lessor in correcting Lessee's breaches or defaults hereunder shall not be deemed to cure said breaches or defaults or constitute any waiver of Lessor's right to exercise any or all remedies set forth herein.

(ix) To immediately or at any time thereafter, and with or without notice, except as required herein, set off any money of Lessee held by Lessor under this Lease against any sum owing by Lessee hereunder.

(x) To seek any equitable relief available to Lessor, including, without limitation, the right of specific performance.

All powers and remedies given by this Section to Lessor, subject to applicable law, shall be cumulative and not exclusive of one another or of any other right or remedy or of any other powers and remedies available to Lessor under this Lease, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements of Lessee contained in this Lease, and no delay or omission of Lessor to exercise any right or power accruing upon the occurrence of any Event of Default shall impair any other or subsequent Event of Default or impair any rights or remedies consequent thereto. Every power and remedy given by this Section or by law to Lessor may be exercised from time to time, and as often as may be deemed expedient, by Lessor, subject at all times to Lessor's right in its sole judgment to discontinue any work commenced by Lessor or change any course of action undertaken by Lessor.

24. MORTGAGES, SUBORDINATION AND ATTORNMENT. Lessor's interest in this Lease and/or the Premises shall not be subordinate to any liens or encumbrances placed upon the Premises by or resulting from any act of Lessee, and nothing herein contained shall be construed to require such subordination by Lessor. Lessee shall keep the Premises free from any liens for work performed, materials furnished or obligations incurred by Lessee. NOTICE IS HEREBY GIVEN THAT LESSEE IS NOT AUTHORIZED TO PLACE OR ALLOW TO BE PLACED ANY LIEN, MORTGAGE, DEED OF TRUST, SECURITY INTEREST OR ENCUMBRANCE OF ANY KIND UPON ALL OR ANY PART OF THE PREMISES AND THE PERSONALTY OR LESSEE'S LEASEHOLD INTEREST THEREIN, AND ANY SUCH PURPORTED

TRANSACTION SHALL BE VOID. FURTHERMORE, ANY SUCH PURPORTED TRANSACTION SHALL BE DEEMED A TORTIOUS INTERFERENCE WITH LESSOR'S RELATIONSHIP WITH LESSEE AND LESSOR'S OWNERSHIP OF THE PREMISES.

This Lease at all times shall automatically be subordinate to the Mortgages and to the lien of any and all ground leases, mortgages and trust deeds now or hereafter placed upon the Premises by Lessor, and Lessee covenants

and agrees to execute and deliver, upon demand, such further instruments subordinating this Lease to the lien of any or all such ground leases, mortgages or trust deeds as shall be desired by Lessor, or any present or proposed mortgagees or lenders under trust deeds, upon the condition that Lessee shall have the right to remain in possession and to enjoy the Premises under the terms of this Lease, notwithstanding any default in any or all such mortgages or trust deeds, or after foreclosure thereof, so long as there is no Event of Default under any of the covenants, conditions and agreements contained in this Lease.

If any mortgagee, receiver, Lender or other secured party elects to have this Lease and the interest of Lessee hereunder be superior to any such ground lease, mortgage or trust deed and evidences such election by notice given to Lessee, then this Lease and the interest of Lessee hereunder shall be deemed superior to any such ground lease, mortgage or trust deed, whether this Lease was executed before or after such ground lease, mortgage or trust deed and in that event such mortgagee, receiver, Lender or other secured party shall have the same rights with respect to this Lease as if it had been executed and delivered prior to the execution and delivery of such ground lease, mortgage or trust deed and had been assigned to such mortgagee, receiver, Lender or other secured party.

Although the foregoing provisions shall be self-operative and no future instrument of subordination shall be required, upon request by Lessor, Lessee shall execute and deliver whatever instruments may be required for such purposes, and in the event Lessee fails so to do within 10 days after demand, Lessee does hereby make, constitute and irrevocably appoint Lessor as its agent and attorney-in-fact and in its name, place and stead so to do, which appointment shall be deemed coupled with an interest.

In the event any purchaser or assignee of Lender at a foreclosure sale acquires title to the Premises, or in the event Lender or any assignee otherwise succeeds to the rights of Lessor as landlord under this Lease, Lessee shall attorn to Lender or such purchaser or assignee, as the case may be (a "Successor Lessor"), and recognize the Successor Lessor as lessor under this Lease, and, if the Successor Lessor in its sole discretion elects to recognize Lessee's tenancy under this Lease, this Lease shall continue in full force and effect as a direct lease between the Successor Lessor and Lessee, provided that the Successor Lessor shall only be liable for any obligations of the lessor under this Lease which accrue after the date that such Successor Lessor acquires title. The foregoing provision shall be self-operative and effective without the execution of any further instruments.

Lessee shall give written notice to any lender of Lessor having a recorded lien upon the Premises or any part thereof of which Lessee has been notified of any breach or default by Lessor of any of its obligations under this Lease and give such lender at least 60 days beyond any notice period to which Lessor might be entitled to cure such default before Lessee may exercise any remedy with respect thereto. Upon request by Lessor, Lessee shall also provide Lessee's

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most recent audited financial statements to Lessor or any such lender and certify the continuing accuracy of such financial statements in such manner as Lessor or such lender may request.

25. ESTOPPEL CERTIFICATE. At any time, and from time to time, Lessee shall, promptly and in no event later than 10 days after a request from Lessor, Lender or any other mortgagee of the Premises, execute, acknowledge and deliver to Lessor, Lender or any other present or proposed mortgagee or purchaser designated by Lessor, Lender or any mortgagee of the Premises a certificate in the form supplied by Lessor, certifying: (i) that Lessee has accepted the Premises (or, if Lessee has not done so, that Lessee has not accepted the Premises, and specifying the reasons therefor); (ii) that this Lease is in full force and effect and has not been modified (or if modified, setting forth all modifications), or, if this Lease is not in full force and effect, the certificate shall so specify the reasons therefor; (iii) the commencement and

expiration dates of the Lease Term and the terms of any extension options of Lessee; (iv) the date to which the rentals have been paid under this Lease and the amount thereof then payable; (v) whether there are then any existing defaults by Lessor in the performance of its obligations under this Lease, and, if there are any such defaults, specifying the nature and extent thereof; (vi) that no notice has been received by Lessee of any default under this Lease which has not been cured, except as to defaults specified in the certificate; (vii) the capacity of the person executing such certificate, and that such person is duly authorized to execute the same on behalf of Lessee; (viii) that neither Lessor nor Lender has actual involvement in the management or control of decision making related to the operational aspects or the day-to-day operations of the Premises; and (ix) any other information reasonably requested by Lessor, Lender, or its present or proposed purchaser or mortgagee.

26. ASSIGNMENT. If Lender shall succeed to the rights of Lessor as landlord under this Lease, whether through foreclosure of the lien of the applicable Mortgage, deed-in-lieu of foreclosure or otherwise, Lender, as lessor, shall have the right to sell or convey the Premises or to assign its right, title and interest as lessor under this Lease in whole or in part. In the event of any such sale or assignment other than a security assignment, Lessee shall attorn to such purchaser or assignee and Lessor shall be relieved, from and after the date of such transfer or conveyance, of liability for the performance of any obligation of Lessor contained herein, except for obligations or liabilities accrued prior to such assignment or sale (provided, however, nothing in this Section 26 shall impose liability on Lender or such purchaser or assignee, as lessor, for the obligations of Lessor accruing under this Lease prior to the time Lender or such purchaser or assignee, as the case may be, succeeds to Lessor's rights as lessor under this Lease). Otherwise, and except as permitted pursuant to the Loan Documents, Lessor shall not have the right to sell or convey the Premises or to assign its right, title and interest as lessor under this Lease in whole or in part.

Lessee acknowledges that Lessor has relied both on the business experience and creditworthiness of Lessee and upon the particular purposes for which Lessee intends to use the Premises in entering into this Lease. Without the prior written consent of Lessor (i) Lessee shall not assign, transfer, convey, pledge or mortgage this Lease or any interest therein, whether by operation of law or otherwise; (ii) no interest in Lessee shall be assigned, transferred, conveyed, pledged or mortgaged, whether by operation of law or otherwise, including, without limitation, a dissolution of Lessee, provided, however, the foregoing shall not apply to (A) any transfer of stock traded publicly during such period of time that Lessee is a publicly traded company or (B) any other transfer of

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stock that does not result in a change of voting control in Lessee; and (iii) Lessee shall not sublet all or any part of the Premises. It is expressly agreed that Lessor may withhold or condition such consent based upon such matters as Lessor may in its reasonable discretion determine, including, without limitation, the experience and creditworthiness of any assignee, the assumption by any assignee of all of Lessee's obligations hereunder by undertakings enforceable by Lessor, payment to Lessor of any rentals owing under a sublease which are in excess of the rentals owing hereunder, the transfer to any assignee of all necessary licenses and franchises to continue operating the Premises for the purposes herein provided, receipt of such representations and warranties from any assignee as Lessor may request, including such matters as its organization, existence, good standing and finances and other matters, whether or not similar in kind. At the time of any assignment of this Lease which is approved by Lessor, the assignee shall assume all of the obligations of Lessee under this Lease pursuant to Lessor's standard form of assumption agreement. No such assignment nor any subletting of the Premises shall relieve Lessee of its obligations respecting this Lease. Any assignment, transfer, conveyance, pledge or mortgage in violation of this paragraph shall be voidable at the sole option of Lessor.

27. NOTICES. All notices, consents, approvals or other instruments

required or permitted to be given by either party pursuant to this Lease shall be in writing and given by (i) hand delivery, (ii) facsimile (with a copy by overnight delivery service), (iii) express overnight delivery service or (iv) certified or registered mail, return receipt requested, and shall be deemed to have been delivered upon (a) receipt, if hand delivered, (b) transmission, if delivered by facsimile, (c) the next Business Day, if delivered by express overnight delivery service, or (d) the third Business Day following the day of deposit of such notice with the United States Postal Service, if sent by certified or registered mail, return receipt requested. Notices shall be provided to the parties and addresses (or facsimile numbers, as applicable) specified below:

If to Lessee: Famous Dave's of America, Inc.
7657 Anagram Drive
Eden Prairie, MN 55344
Attention: Chief Financial Officer
Telephone: (612) 294-1305
Telecopy: (612) 294-1323

If to Lessor: FDA Properties, Inc.
7657 Anagram Drive
Eden Prairie, MN 55344
Attention: Chief Financial Officer
Telephone: (612) 294-1305
Telecopy: (612) 294-1323

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or to such other address or such other person as either party may from time to time hereafter specify to the other party in a notice delivered in the manner provided above. No such notices, consents, approvals or other communications shall be valid unless Lender receives a duplicate original thereof at the following address:

Dennis L. Ruben, Esq.
Executive Vice President, General Counsel
and Secretary
FFCA Funding Corporation
17207 North Perimeter Drive
Scottsdale, Arizona 85255
Telephone: (480) 585-4500
Telecopy: (480) 585-2226

or to such other address or such other person as Lender may from time to time specify to Lessor and Lessee in a notice delivered in the manner provided above.

28. HOLDING OVER. If Lessee remains in possession of the Premises after the expiration of the term hereof, Lessee, at Lessor's option and within Lessor's sole discretion, may be deemed a tenant on a month-to-month basis and shall continue to pay rentals and other sums in the amounts herein provided, except that the Base Monthly Rental shall be 125% of the Base Monthly Rental in effect on the day immediately preceding the expiration of the term hereof, and to comply with all the terms of this Lease; provided that nothing herein nor the acceptance of rent by Lessor shall be deemed a consent to such holding over. Lessee shall defend, indemnify, protect and hold the Indemnified Parties harmless from and against any and all Losses resulting from Lessee's failure to surrender possession upon the expiration of the Lease Term, including, without limitation, any claims made by any succeeding lessee.

29. LANDLORD'S LIEN/SECURITY INTEREST. Lessee agrees that Lessor shall have a landlord's lien, and additionally hereby separately grants to Lessor a first and prior security interest, in, on and against Lessee's right, title and interest in and to all trade fixtures, machinery, appliances, furniture, equipment and other personal property from time to time situated on or used in connection with the Premises (the "Personalty"), which lien and security

interest shall secure the payment of all rental and other charges payable by Lessee to Lessor under the terms hereof and all other obligations of Lessee to Lessor under this Lease; provided, however, that such lien and security interest shall be subject and subordinate to any lien or security interest held by Lendor with respect to such Personalty. Lessee further agrees to execute and deliver to Lessor from time to time such financing statements and other documents as Lessor may then deem appropriate or necessary to perfect and maintain said lien and security interest, and expressly acknowledges and agrees that, cumulative of all other rights of Lessor hereunder, Lessor shall have all rights and remedies of Lessor at law or in equity in the event of any Event of Default of Lessee hereunder, including, to the extent applicable, the Uniform Commercial Code then in effect in the State in which the Premises is located. If Lessee shall fail for any reason to execute any such financing statement or document within 10 days after Lessor's request therefor, Lessor shall have the right to execute the same as attorney-in-fact of Lessee, coupled with an interest, for, and on behalf, and in the name of Lessee. Lessee covenants to

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promptly notify Lessor of any changes in Lessee's name and/or organizational structure which may necessitate the execution and filing of additional financing statements (provided, however, the foregoing shall not be construed as Lessor's consent to such changes). Lessor may exercise any or all of the remedies of a secured party available to it under the UCC with respect to such Personalty, and it is expressly agreed that if upon an Event of Default Lessor should proceed to dispose of such property in accordance with the provisions of the UCC, 10 days' notice by Lessor to Lessee shall be deemed to be reasonable notice under any provision of the UCC requiring such notice.

30. REMOVAL OF PERSONALTY. Lessee may move all movable fixtures located at the Premises at its discretion during the Lease Term so long as there is no Event of Default. At the expiration of the Lease Term, and if Lessee is not then in breach hereof, Lessee may remove from the Premises all Personalty belonging to Lessee. Lessee shall repair any damage caused by such removal and shall leave the Premises broom clean and in good and working condition and repair inside and out. Any property of Lessee left on the Premises on the tenth day following the expiration of the Lease Term shall automatically and immediately become the property of Lessor.

31. FINANCIAL STATEMENTS. Within 45 days after the end of each fiscal quarter and within 120 days after the end of each fiscal year of Lessee, Lessee shall deliver to Lessor, Lender and any other mortgagee of Lessor pertaining to the Premises (i) complete financial statements of Lessee including a balance sheet, profit and loss statement, statement of cash flows and all other related schedules for the fiscal period then ended; and (ii) income statements for the business at the Premises. All such financial statements shall be prepared in accordance with GAAP, consistently applied from period to period, and shall be certified to be accurate and complete by Lessee (or the Treasurer or other appropriate officer of Lessee). Lessee understands that Lessor and Lender will rely upon such financial statements and Lessee represents that such reliance is reasonable. In the event that Lessee's property and business at the Premises is ordinarily consolidated with other business for financial statement purposes, such financial statements shall be prepared on a consolidated basis showing separately the sales, profits and losses, assets and liabilities pertaining to the Premises with the basis for allocation of overhead of other charges being clearly set forth. The financial statements delivered to Lessor and Lender need not be audited, but Lessee shall deliver to Lessor and Lender copies of any audited financial statements of Lessee which may be prepared, as soon as they are available. Notwithstanding the foregoing and provided Lessee is a publicly traded corporation, Lessor agrees that Lessee may comply with the reporting requirements of item (i) above by providing Lessor with copies of (x) reports on Forms 10-K, 10-Q and 8-K which Lessee shall have filed with the Securities and Exchange Commission, which reports shall be delivered to Lessor promptly after the filing of such reports, and (y) all financial statements, reports and proxy statements mailed to the shareholders of Lessee, which materials shall be delivered to Lessor promptly after the mailing of such materials to such shareholders.

32. FORCE MAJEURE. Any prevention, delay or stoppage due to strikes, lockouts, acts of God, enemy or hostile governmental action, civil commotion, fire or other casualty beyond the control of the party obligated to perform shall excuse the performance by such party for a period equal to any such prevention, delay or stoppage, except the obligations imposed with regard to rental and other monies to be paid by Lessee pursuant to this Lease.

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33. DOCUMENT REVIEW. In the event Lessee makes any reasonable request upon Lessor requiring Lessor or its attorneys to review and/or prepare (or cause to be reviewed and/or prepared) any document or documents in connection with or arising out of or as a result of this Lease, then, except as expressly stated elsewhere herein, Lessee shall reimburse Lessor or its designee promptly upon Lessor's demand therefor a reasonable processing and review fee in an amount not less than \$500.00 for each such request.

34. TIME IS OF THE ESSENCE. Time is of the essence with respect to each and every provision of this Lease in which time is a factor.

35. LESSOR'S LIABILITY. Notwithstanding anything to the contrary provided in this Lease, it is specifically understood and agreed, such agreement being a primary consideration for the execution of this Lease by Lessor, that (i) there shall be absolutely no personal liability on the part of Lessor, its successors or assigns and its officers, directors, employees and agents to Lessee with respect to any of the terms, covenants and conditions of this Lease, (ii) Lessee waives all claims, demands and causes of action against Lessor's officers, directors, employees and agents in the event of any breach by Lessor of any of the terms, covenants and conditions of this Lease to be performed by Lessor, and (iii) Lessee shall look solely to the Premises for the satisfaction of each and every remedy of Lessee in the event of any breach by Lessor of any of the terms, covenants and conditions of this Lease to be performed by Lessor, or any other matter in connection with this Lease or the Premises, such exculpation of liability to be absolute and without any exception whatsoever.

36. CONSENT OF LESSOR. Unless specified otherwise herein, Lessor's consent to any request of Lessee may be conditioned or withheld in Lessor's sole discretion. Lessor shall have no liability for damages resulting from Lessor's failure to give any consent, approval or instruction reserved to Lessor, Lessee's sole remedy in any such event being an action for injunctive relief.

37. WAIVER AND AMENDMENT. No provision of this Lease shall be deemed waived or amended except by a written instrument unambiguously setting forth the matter waived or amended and signed by the party against which enforcement of such waiver or amendment is sought. Waiver of any matter shall not be deemed a waiver of the same or any other matter on any future occasion. No acceptance by Lessor of an amount less than the monthly rent and other payments stipulated to be due under this Lease shall be deemed to be other than a payment on account of the earliest such rent or other payments then due or in arrears nor shall any endorsement or statement on any check or letter accompanying any such payment be deemed a waiver of Lessor's right to collect any unpaid amounts or an accord and satisfaction.

38. SUCCESSORS BOUND. Except as otherwise specifically provided herein, the terms, covenants and conditions contained in this Lease shall bind and inure to the benefit of the respective heirs, successors, executors, administrators and assigns of each of the parties hereto.

39. NO MERGER. The voluntary or other surrender of this Lease by Lessee, or a mutual cancellation thereof, shall not result in a merger of Lessor's and Lessee's estates, and shall, at the option of Lessor, either terminate any or all existing subleases or subtenancies, or operate as an assignment to Lessor of any or all of such subleases or subtenancies.

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40. CAPTIONS. Captions are used throughout this Lease for convenience of reference only and shall not be considered in any manner in the construction or interpretation hereof.

41. SEVERABILITY. The provisions of this Lease shall be deemed severable. If any part of this Lease shall be held unenforceable by any court of competent jurisdiction, the remainder shall remain in full force and effect, and such unenforceable provision shall be reformed by such court so as to give maximum legal effect to the intention of the parties as expressed therein.

42. CHARACTERIZATION. A. It is the intent of the parties hereto that the business relationship created by this Lease and any related documents is solely that of a long-term commercial lease between landlord and tenant and has been entered into by both parties in reliance upon the economic and legal bargains contained herein. None of the agreements contained herein is intended, nor shall the same be deemed or construed, to create a partnership (either de jure or de facto) between Lessor and Lessee, to make them joint venturers, to make Lessee an agent, legal representative, partner, subsidiary or employee of Lessor, nor to make Lessor in any way responsible for the debts, obligations or losses of Lessee.

B. Lessor and Lessee acknowledge and warrant to each other that each has been represented by independent counsel and has executed this Lease after being fully advised by said counsel as to its effect and significance. This Lease shall be interpreted and construed in a fair and impartial manner without regard to such factors as the party which prepared the instrument, the relative bargaining powers of the parties or the domicile of any party. Whenever in this Lease any words of obligation or duty are used, such words or expressions shall have the same force and effect as though made in the form of a covenant.

43. EASEMENTS. During the Lease Term Lessor shall have the right to grant utility easements on, over, under and above the Premises, provided that Lessor obtains Lessee's prior consent (which consent shall not reasonably be withheld) that such easements will not materially interfere with Lessee's long-term use of the Premises.

44. BANKRUPTCY. A. As a material inducement to Lessor executing this Lease, Lessee acknowledges and agrees that Lessor is relying upon (i) the financial condition and specific operating experience of Lessee and Lessee's obligation to use the Premises specifically as a Permitted Concept, (ii) Lessee's timely performance of all of its obligations under this Lease notwithstanding the entry of an order for relief under the Code for Lessee, (iii) the characterization of this Lease as set forth in Section 3, and (iv) all Events of Default under this Lease as to the Premises being cured promptly and this Lease being assumed within 60 days of any order for relief entered under the Code for Lessee, or this Lease being rejected within such 60 day period and the Premises surrendered to Lessor.

Accordingly, in consideration of the mutual covenants contained in this Lease and for other good and valuable consideration, Lessee hereby agrees that:

(i) All obligations that accrue under this Lease (including the obligation to pay rent), from and after the date that an Action is commenced shall be timely performed exactly as provided in this Lease and any failure to so perform shall be harmful and prejudicial to Lessor;

(ii) Any and all obligations under this Lease that become due from and after the date that an Action is commenced and that are not paid as required by this Lease shall, in the amount of such rents, constitute administrative expense claims allowable under the Code with priority of payment at least equal to that of any other actual and necessary expenses incurred after the commencement of the Action;

(iii) Any extension of the time period within which the Lessee may assume or reject this Lease without an obligation to cause all obligations coming due under this Lease from and after the date that an Action is commenced to be performed as and when required under this Lease shall be harmful and prejudicial to Lessor;

(iv) Any time period designated as the period within which the Lessee must cure all defaults and compensate Lessor for all pecuniary losses which extends beyond the date of assumption of this Lease shall be harmful and prejudicial to Lessor;

(v) Any assignment of this Lease must result in all terms and conditions of this Lease being assumed by the assignee without alteration or amendment, and any assignment which results in an amendment or alteration of the terms and conditions of this Lease without the express written consent of Lessor shall be harmful and prejudicial to Lessor;

(vi) Any proposed assignment of this Lease to an assignee: (a) that will not use the Premises specifically as a Permitted Concept or (b) that does not possess financial condition, operating performance and experience characteristics equal to or better than the financial condition, operating performance and experience of Lessee as of the Effective Date, shall be harmful and prejudicial to Lessor; and

(vii) The rejection (or deemed rejection) of this Lease for any reason whatsoever shall constitute cause for immediate relief from the automatic stay provisions of the Code, and Lessee stipulates that such automatic stay shall be lifted immediately and possession of the Premises will be delivered to Lessor immediately without the necessity of any further action by Lessor.

(viii) This Lease shall at all times be treated as consistent with the specific characterizations set forth in Section 3 of this Lease, and assumption or rejection of this Lease shall be (a) in its entirety, (b) for all of the Premises, and (c) in strict accordance with the specific terms and conditions of this Lease.

B. No provision of this Lease shall be deemed a waiver of Lessor's rights or remedies under the Code or applicable law to oppose any assumption and/or assignment of this Lease, to require timely performance of Lessee's obligations under this Lease, or to regain possession of the Premises as a result of the failure of Lessee to comply with the terms and conditions of this Lease or the Code.

C. Notwithstanding anything in this Lease to the contrary, all amounts payable by Lessee to or on behalf of Lessor under this Lease, whether or not expressly denominated as such, shall constitute "rent" for the purposes of the Code.

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D. For purposes of this Section addressing the rights and obligations of Lessor and Lessee in the event that an Action is commenced, the term "Lessee" shall include Lessee's successor in bankruptcy, whether a trustee, Lessee as debtor in possession or other responsible person.

45. NO OFFER. No contractual or other rights shall exist between Lessor and Lessee with respect to the Premises until both have executed and delivered this Lease, notwithstanding that deposits may have been received by Lessor and notwithstanding that Lessor may have delivered to Lessee an unexecuted copy of this Lease. The submission of this Lease to Lessee shall be for examination purposes only, and does not and shall not constitute a reservation of or an option for Lessee to lease or otherwise create any interest on the part of Lessee in the Premises.

46. OTHER DOCUMENTS. Each of the parties agrees to sign such other and

further documents as may be necessary or appropriate to carry out the intentions expressed in this Lease.

47. ATTORNEYS' FEES. In the event of any judicial or other adversarial proceeding between the parties concerning this Lease, to the extent permitted by law, the prevailing party shall be entitled to recover all of its reasonable attorneys' fees and other costs in addition to any other relief to which it may be entitled. In addition, Lessor shall, upon demand, be entitled to all attorneys' fees and all other costs incurred in the preparation and service of any notice or demand hereunder, whether or not a legal action is subsequently commenced. References in this Lease to Lessor's attorneys' fees and/or costs shall mean both the fees and costs of independent counsel retained by Lessor with respect to the matter and the fees and costs of Lessor's in-house counsel incurred in connection with the matter.

48. ENTIRE AGREEMENT. This Lease and any other instruments or agreements referred to herein, constitute the entire agreement between the parties with respect to the subject matter hereof, and there are no other representations, warranties or agreements except as herein provided. Without limiting the foregoing, Lessee specifically acknowledges that neither Lessor nor any agent, officer, employee or representative of Lessor has made any representation or warranty regarding the projected level of Lessee's gross sales or the projected profitability of the business to be conducted on the Premises. Furthermore, Lessee acknowledges that Lessor did not prepare or assist in the preparation of any of the projected figures used by Lessee in analyzing the economic viability and feasibility of the business to be conducted by Lessee at the Premises.

49. FORUM SELECTION; JURISDICTION; VENUE; CHOICE OF LAW. Lessee acknowledges that this Lease was substantially negotiated in the State of Arizona, this Lease was delivered in the State of Arizona, and there are substantial contacts between the parties and the transactions contemplated herein and the State of Arizona. For purposes of any action or proceeding arising out of this Lease, the parties hereto expressly submit to the jurisdiction of all federal and state courts located in the State of Arizona. Lessee and Lessor consent that they may be served with any process or paper by registered mail or by personal service within or without the State of Arizona in accordance with applicable law. Furthermore, Lessee and Lessor waive and agree not to assert in any such action, suit or proceeding that they are not personally subject to the jurisdiction of such courts, that the action, suit or proceeding is brought in an inconvenient forum

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or that venue of the action, suit or proceeding is improper. The creation of this Lease and the rights and remedies of Lessor with respect to the Premises, as provided herein and by the laws of the State, shall be governed by and construed in accordance with the internal laws of the State, without regard to principles of conflicts of law. With respect to other provisions of this Lease, this Lease shall be governed by the internal laws of the State of Arizona, without regard to its principles of conflicts of law. Nothing contained in this Section shall limit or restrict the right of Lessor or Lessee to commence any proceeding in the federal or state courts located in the state in which the Premises is located to the extent Lessor or Lessee deems such proceeding necessary or advisable to exercise remedies available under this Lease.

50. COUNTERPARTS. This Lease may be executed in one or more counterparts, each of which shall be deemed an original.

51. MEMORANDUM OF LEASE. Concurrently with the execution of this Lease, Lessor and Lessee are executing a Memorandum of Lease in recordable form with respect to each of the Premises, including the names and addresses of Lessor and Lessee, a description of the applicable Premises, the Lease Term, but omitting rent and such other terms of this Lease as Lessor may not desire to disclose to the public. Further, upon Lessor's request, Lessee agrees to execute and acknowledge a termination of lease and/or quit claim deed in recordable form with respect to each of the Premises to be held by Lessor until the expiration

or sooner termination of the Lease Term.

52. NO BROKERAGE. Lessor and Lessee represent and warrant to each other that they have had no conversation or negotiations with any broker concerning the leasing of the Premises. Each of Lessor and Lessee agrees to protect, indemnify, save and keep harmless the other, against and from all liabilities, claims, losses, costs, damages and expenses, including attorneys' fees, arising out of, resulting from or in connection with their breach of the foregoing warranty and representation.

53. WAIVER OF JURY TRIAL AND PUNITIVE, CONSEQUENTIAL, SPECIAL AND INDIRECT DAMAGES. LESSOR AND LESSEE HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY AND ALL ISSUES PRESENTED IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR ITS SUCCESSORS WITH RESPECT TO ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, THE RELATIONSHIP OF LESSOR AND LESSEE, LESSEE'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY. THIS WAIVER BY THE PARTIES HERETO OF ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY HAS BEEN NEGOTIATED AND IS AN ESSENTIAL ASPECT OF THEIR BARGAIN. FURTHERMORE, LESSEE HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT IT MAY HAVE TO SEEK PUNITIVE, CONSEQUENTIAL, SPECIAL AND INDIRECT DAMAGES FROM LESSOR AND ANY OF LESSOR'S AFFILIATES, OFFICERS, DIRECTORS OR EMPLOYEES OR ANY OF THEIR SUCCESSORS WITH RESPECT TO ANY AND ALL ISSUES PRESENTED IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY LESSEE AGAINST LESSOR OR ANY OF LESSOR'S AFFILIATES,

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OFFICERS, DIRECTORS OR EMPLOYEES OR ANY OF THEIR SUCCESSORS WITH RESPECT TO ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE OR ANY DOCUMENT CONTEMPLATED HEREIN OR RELATED HERETO. THE WAIVER BY LESSEE OF ANY RIGHT IT MAY HAVE TO SEEK PUNITIVE, CONSEQUENTIAL, SPECIAL AND INDIRECT DAMAGES HAS BEEN NEGOTIATED BY THE PARTIES HERETO AND IS AN ESSENTIAL ASPECT OF THEIR BARGAIN.

54. RELIANCE BY ENVIRONMENTAL INSURER. Lessee acknowledges and agrees that Environmental Insurer may rely on the representations, warranties and covenants set forth in Section 16 of this Lease, that Environmental Insurer is an intended third-party beneficiary of such representations, warranties and covenants and that Environmental Insurer shall have all rights and remedies available at law or in equity as a result of a breach of such representations, warranties and covenants, including to the extent applicable, the right of subrogation.

55. FIXED CHARGE COVERAGE RATIO. Lessee covenants to Lessor that an aggregate Fixed Charge Coverage Ratio of at least 1.25:1 shall be maintained with respect to the Premises, as determined on the last day of each fiscal year of Lessee. For purposes of this Section, the term "Fixed Charge Coverage Ratio" shall mean with respect to the twelve month period of time immediately preceding the date of determination, the ratio calculated for such period of time, each as determined in accordance with GAAP, of (a) the sum of Net Income (including proceeds from business interruption insurance payments, if any), Depreciation and Amortization, Interest Expense and Operating Lease Expense, less a corporate overhead allocation (which shall equal the sum of 5% of Gross Sales) to (b) the sum of the Operating Lease Expense (including, without limitation, any Operating Lease Expense relating to this Lease and the Equipment Payment Amount.

For purposes of this Section, the following terms shall be defined as set forth below:

"Capital Lease" shall mean any lease of any property (whether real, personal or mixed) by Lessee with respect to one or more of the Premises, which lease would, in conformity with GAAP, be required to be accounted for as a capital lease on the balance sheet of Lessee. The term "Capital Lease" shall not include any operating lease.

"Debt" shall mean as directly related to all of the Premises and the period of determination (i) indebtedness for borrowed money, (ii) obligations evidenced by bonds, indentures, notes or similar instruments, (iii) obligations to pay the deferred purchase price of property or services, (iv) obligations under leases which should be, in accordance with GAAP, recorded as Capital Leases, and (v) obligations under direct or indirect guarantees in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (iv) above.

"Depreciation and Amortization" shall mean with respect to all of the Premises the depreciation and amortization accruing during any period of determination with respect to Lessor as determined in accordance with GAAP.

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"Equipment Payment Amount" shall mean for any period of determination the sum of all amounts payable during such period of determination under all (i) leases for equipment located at one or more of the Premises other than this Lease and (ii) all loans secured by equipment located at one or more of the Premises.

"Gross Sales" shall mean the sales or other income arising from all business conducted at all of the Premises by Lessee during the period of determination, less sales tax, credit card commission and complimentary sales, as presented in Lessee's publicly disclosed financial statements, and any amounts received from not-for-profit sales of all non-food items approved for use in connection with promotional campaigns, if any, for all of the Premises.

"Interest Expense" shall mean for any period of determination, the sum of all interest accrued or which should be accrued in respect of all Debt of Lessee allocable to one or more of the Premises and all business operations thereon during such period (including interest attributable to Capital Leases), as determined in accordance with GAAP.

"Net Income" shall mean with respect to the period of determination, the net income or net loss of Lessee allocable to all of the Premises. In determining the amount of Net Income, (i) adjustments shall be made for nonrecurring gains and losses allocable to the period of determination, (ii) deductions shall be made for, among other things, Depreciation and Amortization, Interest Expense and Operating Lease Expense allocable to the period of determination, and (iii) no deductions shall be made for (x) income taxes or charges equivalent to income taxes allocable to the period of determination, as determined in accordance with GAAP, or (y) corporate overhead expense allocable to the period of determination.

"Operating Lease Expense" shall mean the expenses incurred by Lessee under any operating leases with respect to one or more of the Premises and the business operations thereon during the period of determination, as determined in accordance with GAAP.

56. SUBSTITUTION. A. In the event Lessee ceases operation of a Permitted Concept as a result of Uneconomic Operations, Lessee shall have the right to terminate this Lease by substituting a Substitute Premises and lease for such individual Premises and this Lease, subject to fulfillment of the

following conditions:

(i) Lessee shall have given Lessor notice of Lessee's intention to substitute the Premises (the "Substitution Notice") and no more than 120 days shall have elapsed since Lessor's notice of Lessee's intention to cease operation as a result of Uneconomic Operations.

(ii) Lessee must provide for the substitution of a Substitute Premises, and the proposed Substitute Premises must:

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(1) be a Permitted Concept, in good condition and repair, ordinary wear and tear excepted;

(2) have for the twelve-month period preceding the date of the closing of such substitution a Fixed Charge Coverage Ratio (as defined below) of at least 1.25:1;

(3) be owned by and vested in Lessee free and clear of all liens and encumbrances, except such matters as are acceptable to Lessor (the "Substitute Premises Permitted Exceptions"); and

(4) have for the twelve-month period preceding the date of the closing of such substitution gross sales that are greater than the Lessee's gross sales for the same period at the Premises.

(5) have a fair market value equal to or greater than the fair market value of the Premises. The fair market value of the Premises and the fair market value of the Substitute Premises shall be determined in the following manner: Lessor shall, at Lessee's sole expense, retain an independent MAI appraiser to prepare an appraisal of the fair market value of the Premises and the Substitute Premises, including any additions or renovations thereto. In determining the fair market value of the Premises and the Substitute Premises, the appraiser shall utilize the cost, income and sales comparison approaches to value. In utilizing the income approach, the appraiser shall determine the "leased fee" value of the Premises and the Substitute Premises, which shall be arrived at by considering (a) the income that would be produced by this Lease through the end of the fully extended Lease Term, and (b) any other factors relating to such approach which the appraiser shall deem relevant in his sole discretion. The highest amount which results from the calculation of each of the cost approach, the income approach, and the sales comparison approach, all as determined in accordance with the provisions of this Section, shall constitute the fair market value of the Premises and the Substitute Premises for purposes of this subsection.

(iii) Lessor shall have inspected and approved the Substitute Premises utilizing Lessor customary site inspection and underwriting approval criteria. Lessee shall have reimbursed Lessor for all of its costs and expenses incurred with respect to such proposed substitution, including, without limitation, Lessor's third-party and/or in-house site inspectors' costs and expenses with respect to the proposed Substitute Premises. Lessee shall be solely responsible for the payment of all costs and expenses resulting from such proposed substitution, including, without limitation, the cost of title insurance and endorsements, survey charges, stamp taxes, mortgage taxes, transfer fees, escrow and recording fees, the cost of environmental reports and the attorneys' fees and expenses of counsel to Lessee and Lessor.

(iv) Lessor shall have received a preliminary title report and

irrevocable commitment to insure title by means of an owner's ALTA extended coverage policy of title insurance (or its equivalent, in the event such form is not issued in the jurisdiction

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where the proposed Substitute Premises is located) for such proposed Substitute Premises issued by Title Company (as defined in the Loan Documents) showing good and marketable title in Lessee and committing to insure Lessor's fee ownership of the proposed Substitute Premises, subject only to the Substitute Premises Permitted Exceptions and containing endorsements substantially comparable to those required by Lessor in connection with Lessor's initial acquisition of the Premises (the "Closing");

(v) Lessor shall have received a current ALTA survey of such proposed Substitute Premises, the form of which shall be comparable to those received by Lessor at the Closing and sufficient to cause the standard survey exceptions set forth in the title policy referred to in the preceding subsection to be deleted.

(vi) Lessor shall have received a satisfactory environmental insurance policy or a Phase I environmental report with respect to such proposed Substitute Premises, the scope of which shall conform to the then customary standards for Lessor purchasing commercial real estate, which shall conclude that there is no Environmental Condition affecting the proposed Substitute Premises.

(vii) Lessee shall deliver, or cause to be delivered, with respect to Lessee and the Substitute Premises, opinions of Counsel in form and substance comparable to those received at the Closing (but also addressing such matters unique to the Substitute Premises as may be reasonably required by Lessor).

(viii) no default, beyond any applicable notice and cure period, shall then exist with respect to any other lease, loan or other transaction between Lessor or its affiliates on the one hand and Lessee or its affiliates on the other hand.

(ix) Lessee shall have executed such documents as are comparable to the security documents executed and delivered at Closing, as applicable (but with such revisions as may be reasonably required by Lessor to address matters unique to the Substitute Premises) or amendments to such documents, including, without limitation, a deed, lease, memorandum of lease and UCC-1 financing statements (the "Substitute Documents"), to provide Lessor with fee ownership of the proposed Substitute Premises, subject only to the Substitute Premises Permitted Exceptions, and all other rights, remedies and benefits with respect to the proposed Substitute Premises which Lessor holds in the Premises, all of which documents shall be in form and substance reasonably satisfactory to Lessor.

(x) the representations and warranties set forth in the Substitute Documents and Section 7 of this Lease applicable to the proposed Substitute Premises shall be true and correct in all material respects as of the date of substitution, and Lessee shall have delivered to Lessor an officer's certificate certifying to that effect.

(xi) Lessee shall have delivered to Lessor certificates of insurance showing that insurance required by the Substitute Documents is in full force and effect.

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Upon satisfaction of the foregoing conditions with respect to the substitution of the Premises and this Lease:

(a) the proposed Substitute Premises and lease shall be deemed substituted for the Premises and this Lease;

(b) the Purchase Price for the Substitute Premises shall be the same as the Purchase Price for the Premises;

(c) in connection with this Lease, Lessor and Lessee shall execute Lessor's standard form mutual release and termination of lease;

(d) the Substitute Documents shall be dated as of the date of the substitution; and

(e) Lessor will execute a limited warranty deed for the Premises in favor of Lessee; title to the Premises shall be conveyed subject to liens for taxes and assessments and easements, covenants and restrictions of record which were attached to the Premises as of the date hereof, attached during the Lease Term through Lessee's action or inaction, as the case may be, have been granted by Lessor in lieu of a taking by the power of eminent domain or the like, have been approved by Lessee, or which do not materially adversely affect the use of the Premises as a Permitted Concept.

B. For Purposes of this Section, the following terms shall be defined as set forth below:

"Capital Lease" shall mean any lease of any property (whether real, personal or mixed) by Lessee with respect to the Substitute Premises which lease would, in conformity with GAAP, be required to be accounted for as a capital lease on the balance sheet of Lessee. The term "Capital Lease" shall not include any operating lease.

"Debt" shall mean as directly related to the Substitute Premises and the period of determination (i) indebtedness for borrowed money, (ii) obligations evidenced by bonds, indentures, notes or similar instruments, (iii) obligations to pay the deferred purchase price of property or services, (iv) obligations under leases which should be, in accordance with GAAP, accounted for as Capital Leases, and (v) obligations under direct or indirect guarantees in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (iv) above.

"Depreciation and Amortization" shall mean with respect to the Substitute Premises the depreciation and amortization accruing during any period of determination with respect to Debtor as determined in accordance with GAAP.

"Equipment Payment Amount" shall mean for any period of determination the sum of all amounts payable during such period of determination under all

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(i) leases for equipment located at the Substitute Premises and (ii) all loans secured by equipment located at the Substitute Premises.

"FFCA Payments" shall mean with respect to the period of determination, the sum of the Base Monthly Rental and any and all other rent due and payable under this Lease.

"Fixed Charge Coverage Ratio" shall mean with respect to the twelve month period of time immediately preceding the

date of determination, the ratio calculated for such period of time, each as determined in accordance with GAAP, of (a) the sum of Net Income (including proceeds from business interruption insurance payments, if any), Depreciation and Amortization, Interest Expense and Operating Lease Expense, less a corporate overhead allocation in an amount equal to 5% of Gross Sales to (b) the sum of the FFCA Payments, Operating Lease Expense and the Equipment Payment Amount.

"Gross Sales" shall mean the sales or other income arising from all business conducted at the Substitute Premises by Lessee during the period of determination, less sales tax, credit card commission and complimentary sales, as presented in the Lessee's publicly disclosed financial statements, and any amounts received from not-for-profit sales of all non-food items approved for use in connection with promotional campaigns, if any.

"Interest Expense" shall mean for any period of determination, the sum of all interest accrued or which should be accrued in respect of all Debt of Lessee allocable to the Substitute Premises and all business operations thereon during such period (including interest attributable to Capital Leases), as determined in accordance with GAAP.

"Net Income" shall mean with respect to the period of determination, the aggregate net income or net loss of Lessee allocable to the Substitute Premises. In determining the amount of Net Income, (i) adjustments shall be made for nonrecurring gains and losses allocable to the period of determination, (ii) deductions shall be made for Depreciation and Amortization, Interest Expense and Operating Lease Expense allocable to the period of determination, and (iii) no deductions shall be made for (x) income taxes or charges equivalent to income taxes allocable to the period of determination, as determined in accordance with GAAP, or (y) corporate overhead expense allocable to the period of determination.

"Operating Lease Expense" shall mean the sum of all payments and expenses incurred by Lessee under any operating leases with respect to the Substitute Premises and the business operations thereon during the period of determination, as determined in accordance with GAAP.

C. Lessee shall also have the right to substitute a Premises in accordance with this Section in the event Lessor exercises its right to substitution under the Loan Agreement.

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IN WITNESS WHEREOF, Lessor and Lessee have entered into this Lease as of the date first above written.

LESSOR:

FDA PROPERTYIES, INC.,
a Delaware corporation

By: /s/ Martin J. O'Dowd

Printed Name: Martin J. O'Dowd

Lessor's Tax Identification Number:

Title: President

PREMISES

FFCA NO.	ADDRESS	AMOUNT
8001-1612	1631 West Lake Street Addison, IL	\$1,600,000.00
8001-1614	2750 Pine Lake Road Lincoln, NE	\$1,900,000.00

Subsidiaries of Registrant

The following entities are subsidiaries of Famous Dave's of America, Inc.:

1. D&D of Minnesota, Inc., a Minnesota corporation;
2. Lake & Hennepin BBQ and Blues, Inc., a Minnesota corporation;
3. Famous Dave's RIBS, Inc., a Minnesota corporation;
 - (i) Famous Dave's RIBS of Maryland, Inc., a Minnesota corporation (subsidiary of Famous Dave's RIBS, Inc.)
4. Famous Dave's RIBS-U Inc., a Minnesota corporation;
5. Minwood Partners, Inc., a Delaware corporation;
6. Famous Dave's of Kansas, Inc., a Kansas corporation;
7. FDA Properties, Inc., a Delaware corporation.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 10-K into the Company's previously filed Registration Statements on Form S-3 (File No.'s 333-48492, 333-54562 & 333-95311) and Form S-8 (File No.'s 333-16299, 333-49939 & 333-49965).

VIRCHOW, KRAUSE & COMPANY, LLP

Minneapolis, Minnesota
March 28, 2001